SOLVAY

asking more from chemistry®

2ND QUARTER & 1ST HALF 2016 FINANCIAL REPORT

REGULATED INFORMATION

29/07/2016
7:00 AM CET

Forenote

The results of former Cytec are consolidated in the Group's income and cash flow statements since January 1, 2016. Comparative information for the second quarter and 1st half year 2015 is presented on an unaudited pro forma basis as if the acquisition of Cytec had taken place on January 1, 2015.

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 3 to 15 are on an underlying basis, unless otherwise stated.

HIGHLIGHTS
2ND QUARTER & 1ST HALF 2016

Q2 2016 results [1]

- **Net sales totaled € 2,946 m, down (6)%,** as a result of a (4)% net impact of foreign exchange fluctuations on conversion and (2)% price decrease in a context of lower raw material and energy costs. Volumes were up by 1%, with solid growth across segments except Advanced Formulations.
- **Underlying EBITDA grew 8% at € 652 m.** EBITDA benefitted from sustained pricing power of 3%, while foreign exchange had a (4)% impact on conversion. The Group also benefitted from continuous excellence and Cytec synergy delivery. The underlying EBITDA margin widened to a record 22% of net sales, up 2.9 percentage points.
  - → **Advanced Materials** at € 293 m, up 6.3% yoy, thanks to strength in automotive applications, healthcare and consumer goods, while the smart devices market remained subdued;
  - → **Advanced Formulations** at € 124 m, down (11)% yoy, reflecting persistent weakness in oil & gas;
  - → **Performance Chemicals** at € 224 m, up 20% yoy, thanks to strong volumes in soda ash, and continued recovery in acetate tow;
  - → **Functional Polymers**, at € 64 m, up 24% yoy, mainly driven by a higher contribution from RusVinyl;
  - → **Corporate & Business Services** at € (53) m, versus € (50) m in Q2 2015.
- **Net income, Solvay share, on an IFRS basis was € 185 m vs € 138 m in 2015. Underlying net income, Solvay share, was € 223 m, up 4%,** with the higher operating profit more than offsetting the end of contributions from the discontinued European chlorovinyls activities.
- **Free cash flow was € 174 m versus € 192 m in Q2 2015**. Free cash flow from continuing operations was up € 37 m, thanks to higher EBITDA and stronger focus on cash generation. Contribution from discontinued operations was nil, since the European chlorovinyls was disposed mid 2015.
- **Net debt on an IFRS basis was € (4.8) bn. Underlying net debt [2] rose to € (7.0) bn from € (6.8) bn at the start of the quarter,** following seasonal interest as well as final dividend payments. The latter includes the perpetual hybrid bonds.

H1 2016 results [1]

- **Net sales totaled € 5,877 m, down (6)%,** with average prices down (2)% linked to partial pass-through of lower raw material costs. Scope changes and foreign exchange impacts on conversion lowered sales by (1)% and (3)% respectively. Volumes were stable overall, with a decrease in Advanced Formulations offset by growth in the other segments.
- **Underlying EBITDA grew 5% at € 1,253 m,** as excellence initiatives, synergies and pricing power boosted performance by 6%. The foreign exchange effect on conversion was (2)% negative. Volume mix and scope both had a (1)% impact. The € 30 m one-off benefit recognized in the first quarter of 2015, linked to U.S. post-retirement benefits, was mostly compensated by the growing contribution of the RusVinyl joint venture.
- **IFRS net income was € 200 m, vs € 126 m in 2015. Underlying net income, Solvay share, was € 416 m, in line with the € 418 m in H1 2015,** as higher operating profit more than compensated for the scope effects in discontinued operations.
- **Free cash flow of € 183 m vs € (166) m,** with free cash flow from continuous operations up € 346 m, contributing the bulk of it as a result of higher EBITDA, lower capex and a significant reduction of seasonal working capital needs.

Quote of the CEO, Jean-Pierre Clamadieu

Solvay delivered strong results in the second quarter, with underlying EBITDA up 8% despite continued headwinds in some markets. This reflects the strength and breadth of the portfolio and the continued momentum of our excellence programs. Free cash flow was significantly higher in the first half of 2016, in line with our commitment to convert profits into cash more efficiently. The integration of Cytec is going very well with fast delivery on synergies and we are particularly pleased with our recent award, together with Mubadala, to supply primary structure composite materials to Boeing's 777X program. This represents a strategic milestone for Solvay and positions us well for long-term growth in a key market.

2016 Outlook

Based on current market conditions, Solvay reaffirms its full year 2016 guidance of high single-digit underlying EBITDA growth and free cash flow in excess of € 650 m.

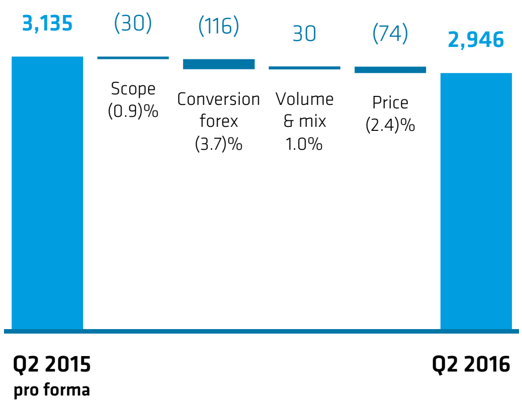
[1] The underlying and IFRS data presented in the highlights compare to unaudited pro forma 2015 figures, as if the Cytec acquisition had taken place on January 1, 2015. The end-of-period balance sheet data compare to the position at the start of the period, which already included Cytec.
[2] Underlying net debt includes the perpetual hybrid bonds, accounted for as equity under IFRS.

BUSINESS REVIEW
2ND QUARTER 2016 UNDERLYING RESULTS

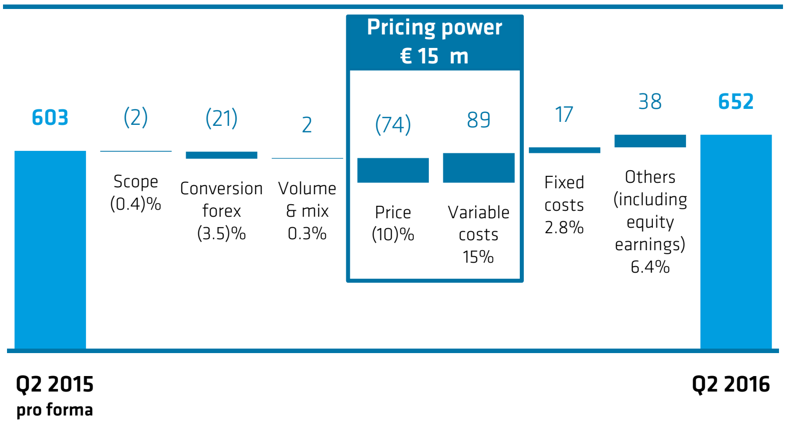
Q2 key data

(in € m)	IFRS Q2 2016	IFRS Q2 2015 pro forma	IFRS *% yoy*	Underlying Q2 2016	Underlying Q2 2015 pro forma	Underlying *% yoy*
Net sales	**2,946**	**3,135**	***(6.0)%***	**2,946**	**3,135**	***(6.0)%***
EBITDA	**630**	**549**	***15%***	**652**	**603**	***8.1%***
EBITDA margin	*21%*	*18%*	*3.9pp*	*22%*	*19%*	*2.9pp*
EBIT	**366**	**286**	***28%***	**453**	**412**	***10%***
Net financial charges	(86)	(87)	*1.5%*	(119)	(116)	*(2.9)%*
Income taxes	(75)	(72)	*(5.1)%*	(94)	(92)	*(3.1)%*
Result from discontinued operations	(7)	31	*n.m.*	-	33	*n.m.*
Non-controlling interests	(14)	(21)	*35%*	(16)	(21)	*23%*
Net income, Solvay share	**185**	**138**	***34%***	**223**	**216**	***3.5%***
Basic earnings per share (in €)	1.79	1.33	*35%*	2.16	2.08	*3.9%*
Free cash flow	**174**	**192**	***(9.4)%***	**174**	**192**	***(9.4)%***
Free Cash Flow (continuing operations)	174	137	*27%*	174	137	*27%*
Capex (continuing operations)	(215)	(243)	*12%*	(215)	(243)	*12%*
Net debt	**4,812**			**7,012**		

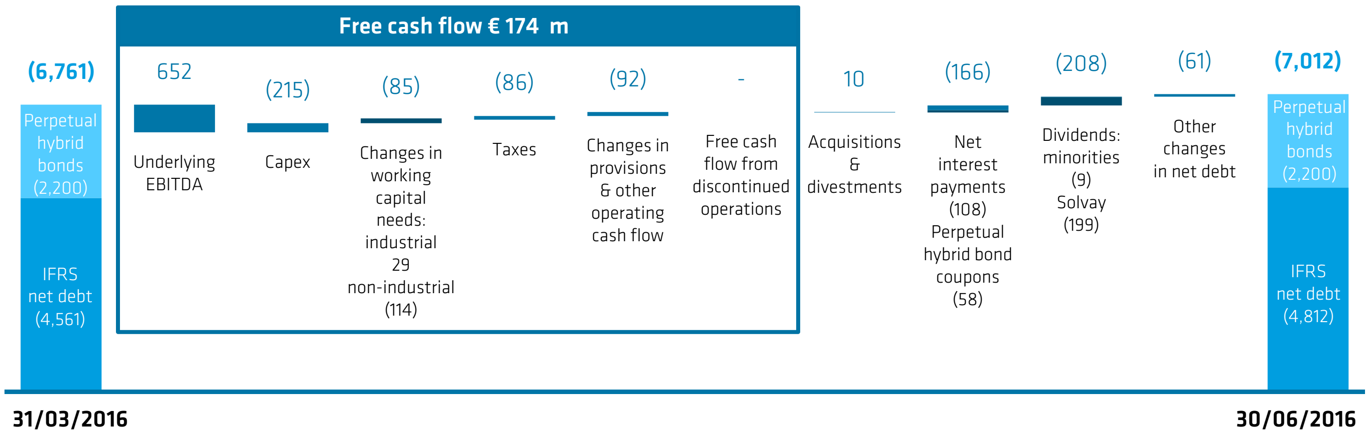
Q2 yoy net sales evolution *(in € m)*



Q2 yoy underlying EBITDA evolution *(in € m)*



Q2 2016 underlying net debt [1] evolution *(in € m)*



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

Net sales totaled € 2,946 m, down (6)%, principally a result of unsupportive foreign exchange fluctuations and (2)% price decrease in a context of lower raw material and energy costs. Volumes were up, with solid growth across segments overcoming declines in Advanced Formulations.

- **Volumes** were up slightly by 1%, albeit with mixed dynamics across the business activities. Growth in markets like healthcare and automotive (catalysts, electrification and lightweighting), more than offset the inventory reductions in smart devices and transition effects from legacy to high composite content platforms in the civil aircraft markets of Advanced Materials. In Advanced Formulations, the contraction of the oil and gas market appears to have stabilized; the year-on-year drop remained significant, however. The recovery in the acetate tow markets continued, driving volumes in Performance Chemicals, complemented by strong growth in soda ash. Functional Polymers' volumes were up slightly mainly from increased demand from the Thai PVC market.
- **Prices** were down (2)%, as lower raw material prices were partially passed through to customers in particular in Functional Polymers and Advanced Formulations.
- The **foreign exchange** impact on conversion was negative at (4)% as the euro appreciated year on year versus principal foreign currencies in which the Group operates.
- The **scope** effect accounted for (1)%, and related to the sale of the refrigerants and PCC businesses in 2015.

Underlying EBITDA grew 8% at € 652 m despite the negative impact of foreign exchange on conversion. This reflected pricing power for a 10th straight quarter. The Group also benefitted from delivery of excellence initiatives and synergies, as well as a higher contribution from the RusVinyl joint-venture.

- The **pricing power** of € 15 m, had a positive impact of 3% year on year, benefitting from Solvay's rolling hedging policy, which secures a large portion of its transactional exposure over the length of its contracts. The latter was evident in Advanced Materials and Performance Chemicals, and to a lesser extent in Functional Polymers. Price pressure in Advanced Formulations was only partially offset by the on-going excellence programs.
- **Fixed costs** were reduced, contributing 3% to the EBITDA growth thanks to fast delivery on Cytec synergies, while cost discipline and operational excellence measures offset inflation.
- The net **foreign exchange** impact on conversion was (4)%, more than in the first quarter, as the euro appreciated versus most currencies. The impact was most noticeable versus the Brazilian real, the Chinese yuan and the U.S. dollar.

The underlying **EBITDA margin** widened to a record 22% of net sales, up 2.9 percentage points.

Underlying EBIT was € 453 m, after deduction of amortization and depreciation charges of € (199) m, slightly up versus € (191) m, as the asset base grew.

Underlying net financial charges were € (119) m versus € (116) m in the same quarter last year.

- The underlying **net cost of borrowing** was largely stable at € (58) m compared to € (56) m a year ago.
- Underlying net financial charges include the coupons on **perpetual hybrid bonds**, which are accounted as dividends under IFRS. These equaled last year's pro forma figure of € (28) m.
- Underlying net financial charges also include financial charges and realized foreign exchange losses in the **RusVinyl** joint venture of € (5) m versus € (6) m last year. These charges are part of the earnings from associates & joint ventures and thereby included in IFRS EBITDA, but are reclassified in underlying results.
- **Discounting costs** on pension and environmental liabilities, which are non-cash in nature, were € (29) m, slightly up compared to € (25) m in 2015.

Underlying income taxes were € (94) m versus € (92) m in 2015.

Discontinued operations, in the second quarter of 2016 consisted of the Latin American chlorovinyls activity Indupa, which had no contribution to underlying results. In the second quarter of 2015, however, discontinued operations still included the European chlorovinyls business, which have been integrated in the Inovyn joint venture since July 2015. These activities contributed € 33 m to the Group's net income at that time.

Underlying net income, Solvay share, after deduction of the € (16) m share of non-controlling interests, was € 223 m versus € 216 m in 2015. Underlying basic earnings per share thereby amounted to € 2.16, compared to € 2.08 pro forma in 2015.

Free cash flow from continuing operations was € 174 m versus € 137 m last year, thanks to higher EBITDA, lower capex and continued focus on working capital management, with working capital needs of € (85) m. Capex was € (215) m, € 28 m lower than in 2015, in line with the strategy to reduce capex intensity. In the absence of a contribution from discontinued operations, the total free cash flow equaled € 174 m as well, compared to € 192 m the year before, which still included the free cash flow generated by the European chlorovinyls business.

Underlying net debt, which includes 100% of the € (2,200) m hybrid perpetual bonds (classified as equity under IFRS) as debt, rose from € (6,761) m at the end of March to € (7,012) m, following seasonal payments, namely, € (200) m final dividend to Solvay shareholders, € (58) m of perpetual hybrid bond coupons and net interest payments of € (108) m, partly offset by the strong free cash flow in the period. Other changes in net debt include € (89) m of conversion impacts. The underlying leverage ratio remained at 2.9x. Net debt on an IFRS basis rose from € (4,561) m at the end of March to € (4,812) m at the end of the period. As announced, Solvay exercised its first call option on the deeply subordinated € (500) m hybrid debt issued in 2006 and maturing in 2104. This bond, which was classified as net debt under IFRS, was repaid in June.

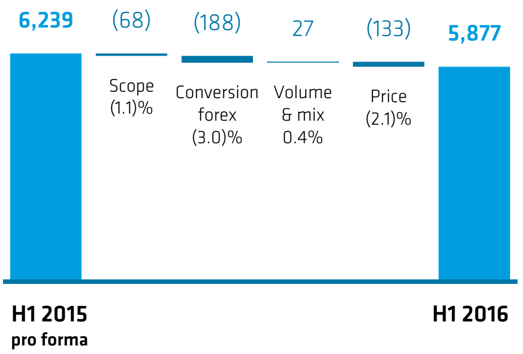
A full reconciliation of IFRS and underlying income statement data can be found on page 16 of this report.

1ST HALF 2016 UNDERLYING RESULTS

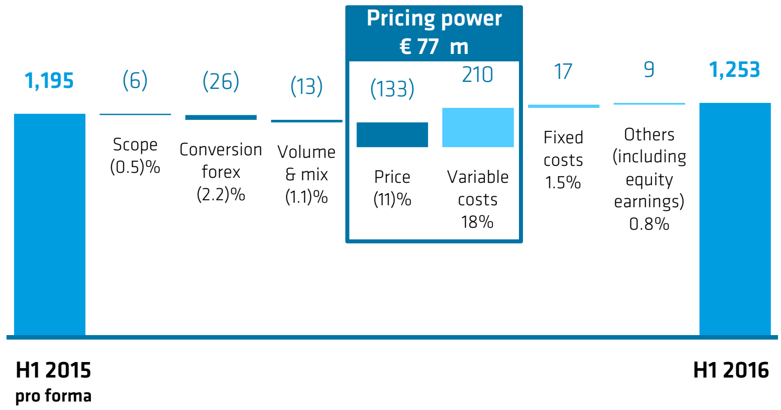
H1 key data

(in € m)	IFRS H1 2016	IFRS H1 2015 pro forma	IFRS % yoy	Underlying H1 2016	Underlying H1 2015 pro forma	Underlying % yoy
Net sales	**5,877**	**6,239**	***(5.8)%***	**5,877**	**6,239**	***(5.8)%***
EBITDA	**1,133**	**988**	***15%***	**1,253**	**1,195**	***4.9%***
EBITDA margin	*19%*	*16%*	*3.4pp*	*21%*	*19%*	*2.2pp*
EBIT	**472**	**387**	***22%***	**861**	**817**	***5.3%***
Net financial charges	(180)	(178)	*(1.3)%*	(245)	(236)	*(3.7)%*
Income taxes	(75)	(100)	*25%*	(174)	(178)	*2.0%*
Tax rate	*30%*	*51%*	-	*29%*	*31%*	*(1.67)pp*
Result from discontinued operations	(1)	52	*n.m.*	-	57	*n.m.*
Non-controlling interests	(15)	(36)	*58%*	(26)	(42)	*39%*
Net income, Solvay share	**200**	**126**	***59%***	**416**	**418**	***(0.6)%***
Basic earnings per share (in €)	1.93	1.21	*60%*	4.02	4.03	*(0.3)%*
Free cash flow	**183**	**(166)**	***n.m.***	**183**	**(166)**	***n.m.***
Free Cash Flow (continuing operations)	200	(146)	*n.m.*	200	(146)	*n.m.*
Capex (continuing operations)	(428)	(507)	*16%*	(428)	(507)	*16%*
Net debt	**4,812**			**7,012**		

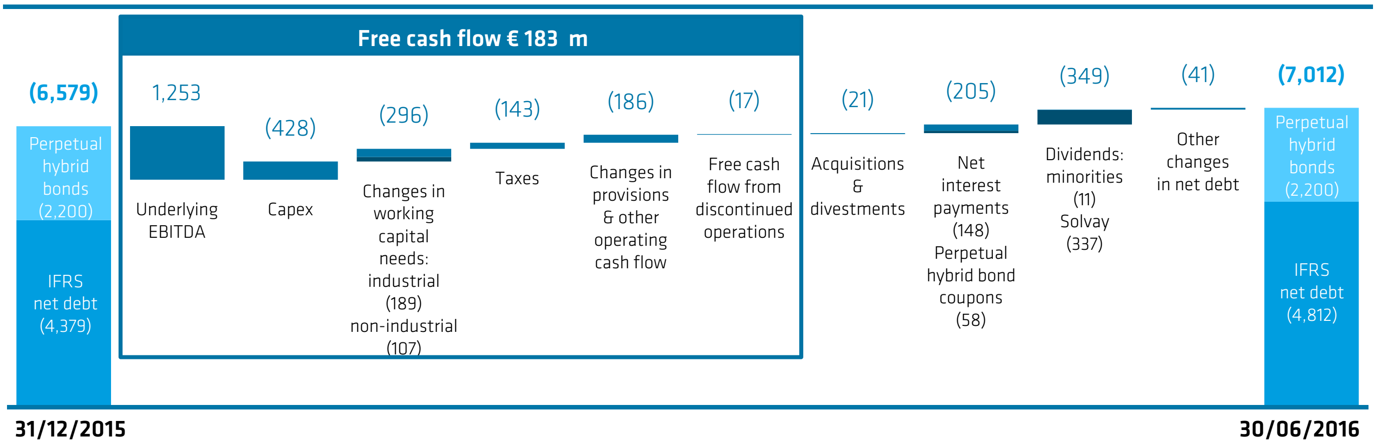
H1 yoy net sales evolution *(in € m)*



H1 yoy underlying EBITDA evolution *(in € m)*



H1 2016 underlying net debt evolution [1] *(in € m)*



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

Net sales totaled € 5,877 m, down (6)%, due to declining prices in a context of lower raw material and energy costs, scope changes and foreign exchange impacts. Volumes were stable overall, with a decrease in Advanced Formulations offset by growth in the other segments.

- **Volumes** were stable overall, albeit with mixed dynamics across the business activities. In Advanced Materials, the impact of inventory adjustments in the smart devices market combined with lower demand in civil aviation, namely rotorcraft and business jets, were more than offset by growth strength in markets like healthcare and automotive (catalysts, electrification and lightweighting). Headwinds in the oil and gas markets of Advanced Formulations persisted, whereas a year ago this downturn was just starting. In Performance Chemicals a slow start to the year in soda ash was more than made up for in the rest of the period, and the recovery in acetate tow markets persisted. Functional Polymers' volumes were up slightly both in Polyamide and PVC, albeit with a weaker mix.
- **Prices** were down (2)%, as lower raw material prices were partially passed through to customers in Functional Polymers and Advanced Formulations in particular.
- The impact on conversion of **foreign exchange** turned negative at (3)% as the euro appreciated year on year versus certain emerging country currencies, especially the Brazilian real.
- The **scope** effect accounted for 1%, and related to the sale of the refrigerants and PCC businesses in 2015.

Underlying EBITDA grew 5% at € 1,253, despite unfavorable scope changes, foreign exchange effects on conversion, and a slightly negative impact of the volume mix. Pricing power, excellence and synergies were supportive, underpinned by transactional foreign exchange gains. The € 30 m one-off benefit recognized in the first quarter of 2015 and linked to U.S. post-retirement benefits was compensated, partly by the growing contribution of the RusVinyl joint venture.

- The (1)% volume and mix impact was more than compensated by the **pricing power** of € 77 m. This was evident in Advanced Materials, Performance Chemicals and Functional Polymers, all benefiting from transactional foreign exchange tailwinds, complemented by delivery on excellence.
- The net **foreign exchange** conversion impact of (2)% turned negative as the euro appreciated versus the Brazilian real and a number of currencies of other emerging countries that Solvay operates in.
- **Fixed costs** were down slightly, impacting EBITDA positively by 1%, thanks to cost discipline, operational excellence measures and delivery on Cytec synergies, which offset inflation and the increased cost base from new production capacity.

The underlying **EBITDA margin** widened to 21% of net sales, up 2.2 percentage points.

Underlying EBIT was € 861 m, up 5%, with amortization and depreciation charges of € (393) m. These were slightly up year on year, as the asset base has grown.

Underlying net financial charges were € (245) m versus € (236) m in the same quarter last year.

- The underlying **net cost of borrowing** moved to € (120) m from € (116) m.
- Underlying net financial charges include the € (56) m coupons on **perpetual hybrid bonds**, equaling last year's pro forma figure, which are accounted as dividends under IFRS.
- Underlying net financial charges also include the financial charges and realized foreign exchange losses in the **RusVinyl** joint venture of € (12) m, the same amount as in 2015. These charges are part of the earnings from associates & joint ventures and thereby included in IFRS EBITDA, but are reclassified in underlying results.
- **Discounting costs** on pension and environmental liabilities, which are non-cash in nature, were € (57) m, slightly up compared to € (52) m in 2015.

Underlying income taxes were € (174) m versus € (178) m in 2015, resulting in an underlying tax rate of 29%, 1.2 percentage points lower than in the full year 2015.

Discontinued operations, in the first half of 2016 consisted of the Latin American chlorovinyls activity Indupa and legacy impacts from the pharma divestment. There was no contribution to underlying results from these operations. In the first half of 2015 discontinued operations also included the European chlorovinyls business, which has been integrated in the Inovyn joint venture since July 2015. These activities contributed € 57 m to the Group's net income at that time.

Underlying net income, Solvay share, after the € (26) m share of non-controlling interests, was € 416 m versus, largely in line with the € 418 m generated in the first half of 2015. Underlying basic earnings per share thereby amounted to € 4.02, compared to € 4.03 pro forma in 2015.

Free cash flow from continuing operations was € 200 m versus € (146) m last year, thanks to higher EBITDA, lower capex and sustained working capital management efforts, which reduced the seasonal working capital outflow to € (296) m. Capex was 22% lower year on year at € (428) m as anticipated. With a lower inflow from discontinued operations following the scope change, the total free cash flow was € 183 m, compared to € (166) m the year before.

Underlying net debt, rose to € (7,012) m from € (6,579) m at the end of 2015, and includes 100% of the € (2,200) m hybrid perpetual bonds (classified as equity under IFRS) as debt. The debt increase reflects the front end-loaded financial payments in the year with net interest payments of € (148) m, coupons on perpetual hybrid bonds of € (58) m and the full dividend to Solvay shareholders for € (337) m, partly mitigated by the strong free cash flow in the period. The underlying leverage ratio thereby came at 2.9x, up from 2.8x at the start of the period. Net debt on an IFRS basis rose from € (4,379) m at the end of 2015 to € (4,812) m at the end of the period. Solvay repaid the € (300) m EIB loan, which came to maturity in January, and in June exercised its first call option on the deeply subordinated € (500) m hybrid debt issued in 2006 and maturing in 2104. This bond was classified as net debt under IFRS.

A full reconciliation of IFRS and underlying income statement data can be found on page 16 of this report.

OUTLOOK 2016

Based on current market conditions, Solvay reaffirms its expectation of underlying EBITDA in 2016 to grow by high single-digits compared to the 2015 pro forma underlying EBITDA of € 2,336 m. The EBITDA growth will be underpinned by excellence programs and delivery of Cytec synergies.

These expectations are derived from the following key factors:

- **Advanced Materials**: Growth from its diversified end-markets is expected to overcome the impact of destocking and phasing of demand in smart devices. In aerospace, demand weakness in rotorcraft and business jets will be partially offset by growth in other platforms;
- **Advanced Formulations**: Growth in home & personal care and in agro is expected to offset continuing weakness in oil and gas markets. We anticipate modest growth in mining and are retaining our position as a leader in this market;
- **Performance Chemicals**: Excellence programs delivery across all the businesses is to be supplemented by sustained recovery in the acetate tow filter market;
- **Functional Polymers**: Positive developments in the first half are expected to continue.

Underlying EBITDA growth combined with disciplined capital expenditure will lead to free cash flow in excess of € 650 m.

The Group is committed to maintaining its investment grade credit rating.

This 2016 outlook is based on a number of assumptions, which remain unchanged, in particular no recovery in the U.S. oil and gas exploration-related activities, and on a 1.10 US$/€ exchange rate.

SOLVAY NEWS CORNER

INNOVATION & GROWTH

Solvay and Mubadala joint venture to supply advanced composite materials for Boeing 777X primary structures

Solvay and Mubadala are forming a 50/50 joint venture that will deliver carbon fiber pre-impregnated composite materials for the empennage and floor beams of Boeing's new 777X program. The JV, announced in early July, will be located in the United Arab Emirates and should be operational by 2021, building on an earlier strategic partnership between both companies to reinforce Abu Dhabi's aerospace industry and to strengthen the creation of prepreg manufacturing capabilities. The composite content of next-generation aircraft is expanding as plane makers aim to reduce weight, fuel consumption and CO_2 emissions.

Solvay wins supplier excellence award from GKN Aerospace at the Farnborough air show in the U.K.

GKN Aerospace awarded this to Solvay in early July, for its sustained performance across quality, delivery, and technical partnering as its supplier of lightweight composite materials with fire-retardancy, chemical resistance and high impact strength.

Solvay celebrates successful return of Solar Impulse from world tour and the effectiveness of sustainable technologies

Solvay celebrates the safe return of Solar Impulse and its pilots Bertrand Piccard and André Borschberg from their world flight, powered by only solar energy. Ever since Solvay became the first partner of the project in 2004, it has deployed its expertise and innovation capacities in lightweighting materials and in optimizing its energy storage and consumption. Solvay's products were used in more than 6,000 parts, including the critical composite material parts for the wing structure and rear stabilizer.

PORTFOLIO MOVES

Solvay's PVC divestments continue with agreement to sell Solvay Indupa to Unipar and closing of Inovyn exit

Solvay signed an agreement with Brazilian chemical group Unipar Carbocloro to sell its 70.59% stake in Solvay Indupa, which has two production sites in Brazil and Argentina. Completion of the transaction is subject to the customary closing conditions. Solvay had already classified Solvay Indupa as an "Asset held for sale". This divestment follows Solvay's early exit of its European PVC joint venture Inovyn as Solvay is transforming into a multi-specialty chemicals group.

Solvay secures acetate tow supply with ownership of U.S. flake plant

Solvay and Eastman Chemical Company ended their cellulose acetate production joint venture Primester with Solvay acquiring Eastman's 50 percent stake in the U.S.-based plant and becoming its sole owner. Through this transaction has Solvay secured the most economical long term supply for its own tow businesses in Germany, Brazil and Russia, while adapting capacity to demand.

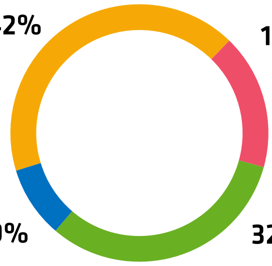
OPERATIONAL EXCELLENCE

Solvay suspends soda ash production in Egypt but continues quicklime production

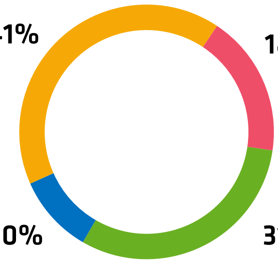
Solvay suspended soda ash production in Alexandria, Egypt, as sharply higher energy costs have undermined the plant's profitability. Customers will be served from Solvay's other soda ash plants. The asset impairment amounts to € 90 million, after tax. Solvay aims to minimize the impact of this temporary decision on its employees with measures including finding alternative uses for this conveniently located industrial platform. Production of quicklime, used in steel, pulp and paper and gold mining, will continue with good prospects in the region.

SEGMENT REVIEW
2ND QUARTER & 1ST HALF 2016 UNDERLYING RESULTS

Q2 2016 underlying EBITDA by segment [1]



H1 2016 underlying EBITDA by segment [1]



Segment review

	Underlying					
(in € m)	Q2 2016	Q2 2015 pro forma	*% yoy*	H1 2016	H1 2015 pro forma	*% yoy*
Net sales	**2,946**	**3,135**	***(6.0)%***	**5,877**	**6,239**	***(6)%***
Advanced Materials	1,082	1,138	*(4.9)%*	2,164	2,245	*(4)%*
Advanced Formulations	650	740	*(12)%*	1,312	1,484	*(12)%*
Performance Chemicals	753	757	*(0.5)%*	1,473	1,513	*(3)%*
Functional Polymers	461	499	*(7.7)%*	923	994	*(7)%*
Corporate & Business Services	1	1	*(42)%*	5	2	*n.m.*
EBITDA	**652**	**603**	***8.1%***	**1,253**	**1,195**	***5%***
Advanced Materials	293	275	*6.3%*	560	539	*4%*
Advanced Formulations	124	139	*(11)%*	246	275	*(11)%*
Performance Chemicals	224	187	*20%*	423	373	*13%*
Functional Polymers	64	52	*24%*	129	94	*38%*
Corporate & Business Services	(53)	(50)	*(5.5)%*	(104)	(85)	*(23)%*
EBITDA margin	**22%**	**19%**	***2.9pp***	**21%**	**19%**	***2.2pp***
Advanced Materials	27%	24%	*2.9pp*	26%	24%	*1.9pp*
Advanced Formulations	19%	19%	*0.2pp*	19%	19%	*0.2pp*
Performance Chemicals	30%	25%	*5.1pp*	29%	25%	*4.1pp*
Functional Polymers	14%	10%	*3.6pp*	14%	9%	*4.5pp*
EBIT	**453**	**412**	***10%***	**861**	**817**	***5.3pp***
Advanced Materials	222	213	*4.2%*	422	413	*2.0pp*
Advanced Formulations	85	101	*(16)%*	169	203	*(16.7)pp*
Performance Chemicals	178	140	*27%*	332	281	*17.9pp*
Functional Polymers	37	23	*59%*	75	37	*n.m.*
Corporate & Business Services	(68)	(66)	*(3.6)%*	(137)	(118)	*(16.1)pp*

[1] Excluding Corporate & Business Services

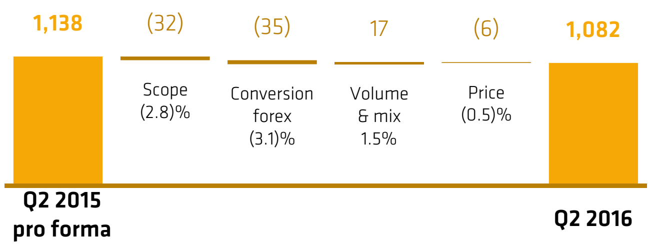
ADVANCED MATERIALS

- → Q2 2016 underlying EBITDA up 6% yoy at € 293 m, driven by volume growth and excellence initiatives;
- → Strong growth in numerous Specialty Polymers markets offset inventory reductions in smart devices;
- → Good volume growth in Special Chem based mainly on catalysis for auto and high purity H_2O_2 for semiconductors

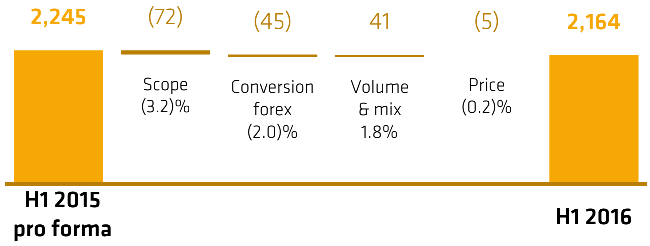
Key data

	Underlying					
(in € m)	Q2 2016	Q2 2015 pro forma	% yoy	H1 2016	H1 2015 pro forma	% yoy
Net sales	**1,082**	**1,138**	***(4.9)%***	**2,164**	**2,245**	***(3.6)%***
Specialty Polymers	475	475	-	944	926	*1.9%*
Composite Materials	277	297	*(6.8)%*	559	597	*(6.4)%*
Special Chem	214	234	*(8.5)%*	432	463	*(6.6)%*
Silica	115	131	*(12)%*	229	258	*(12)%*
EBITDA	**293**	**275**	***6.3%***	**560**	**539**	***3.9%***
EBITDA margin	*27%*	*24%*	*2.9pp*	*26%*	*24%*	*1.9pp*

Q2 yoy net sales evolution *(in € m)*



H1 yoy net sales evolution *(in € m)*



Q2 2016 performance

Net sales totaled € 1,082 m, a (5)% decrease from the second quarter in 2015, with (3)% related to unfavorable foreign exchange impacts and (3)% attributable to the scope effect from the sale of Special Chem's refrigerants and PCC businesses in 2015. Volumes were up about 2% primarily due to growth in Special Chem related to catalysts for automotive, high purity H2O2 for semiconductors and specialty products for the medical imaging market. Growth was further supported by **Specialty Polymers and** mainly due to strong demand in automotive markets, healthcare and consumer goods which more than compensated for the reduced demand in smart devices. Sales volumes of **Composite Materials** [1] into aerospace were slightly down, related to anticipated legacy aircraft rate reductions and reduced demand in business jets and rotorcraft markets which did not yet offset the growth from new aircraft programs. Sales volumes of composites sold into industrial markets were slightly up due to high performance auto and wind energy markets. In **Silica**, business remained intrinsically flat with growth in the energy-efficient tire market offset by the strong devaluation of Venezuelan currency. Pricing across the advanced materials segment was relatively stable in the quarter.

Underlying EBITDA rose 6% to € 293 m versus the same period last year, supported by net volume growth. Operational excellence programs led to significant efficiency gains which also supported EBITDA expansion and mitigated the negative impacts from scope effects and currency conversion fluctuations. The resulting underlying EBITDA margin widened by 2.9 percentage points from 24% to 27%.

[1] Combination of the former Cytec business units "Aerospace Materials" and "Industrial Materials"

H1 2016 performance

Net sales totaled € 2,164 m, a (4)% decrease from the first half of 2015, with (3)% attributable to the scope effect from the sale of Special Chem's refrigerants and PCC businesses in 2015 and (2)% related to unfavorable foreign exchange. Volumes were up 2% supported by growth in Specialty Polymers and Special Chem. The anticipated inventory reductions in the smart device markets in **Specialty Polymers** were more than offset by broad-based market growth. Sales volumes in **Composite Materials** [1] were slightly down mainly due to the anticipated rate declines of older aircraft programs and reduced sales to industrial markets in the first quarter. **Special Chem** reported good demand for automotive catalysts and growth from the new high-purity H2O2 units in the U.S. In **Silica**, sales growth in the energy-efficient tire market was offset by the currency impact in Venezuela. Average pricing in the Advanced Materials segment was stable versus the first half of 2015.

Underlying EBITDA in the first half rose 4% to € 560 m driven primarily by volume growth. Operational excellence programs led to significant operational efficiency gains, while net pricing was favorable. Scope effects and currency fluctuation impacts on conversion had a negative impact on the segment's EBITDA. The resulting underlying EBITDA margin widened by 1.9 percentage points from 24% to 26% year on year.

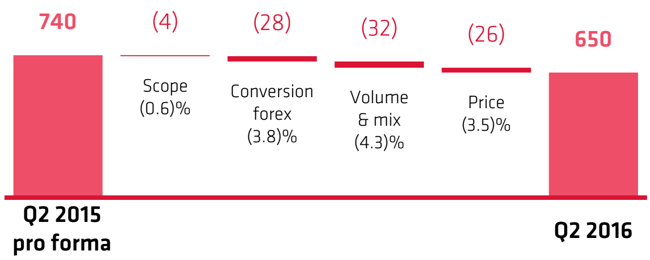
ADVANCED FORMULATIONS

- Q2 2016 underlying EBITDA down (11)% yoy at € 124 m, due to the demand decline in the oil & gas industry;
- Other markets including agro, home & personal care, and coatings delivered growth in the quarter, partially mitigating declines from oil & gas

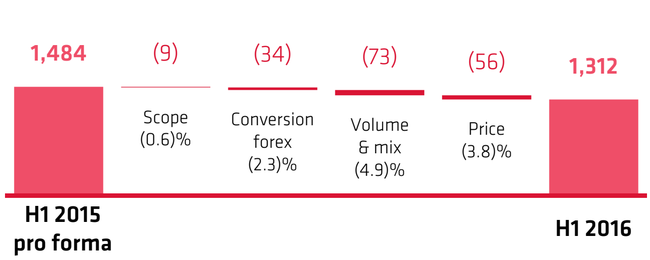
Key data

(in € m)	Underlying Q2 2016	Q2 2015 pro forma	% yoy	H1 2016	H1 2015 pro forma	% yoy
Net sales	**650**	**740**	***(12)%***	**1,312**	**1,484**	***(12)%***
Novecare	400	482	*(17)%*	821	986	*(17)%*
Technology Solutions	165	163	*1.5%*	323	320	*1.1%*
Aroma Performance	85	95	*(11)%*	167	179	*(6.6)%*
EBITDA	**124**	**139**	***(11)%***	**246**	**275**	***(11)%***
EBITDA margin	*19%*	*19%*	*0.2pp*	*19%*	*19%*	*0.2pp*

Q2 yoy net sales evolution *(in € m)*



H1 yoy net sales evolution *(in € m)*



Q2 2016 performance

Net Sales decreased by (12)% year on year to € 650 m, as the headwinds in the unconventional oil and gas markets in North America persisted, impacting Novecare's sales by (17)%. Volume represented (4)% of the decline in the segment. The North American rig count was down ~50% year on year, but stabilized toward the end of the second quarter. Volume growth in other **Novecare** markets, including home & personal care, agro, and coatings, mitigated part of the oil and gas impact. Sales in **Technology Solutions**[1] remained stable despite the reduced production levels in the mining industry driven by the lower copper and aluminum prices. Although vanillin sales grew, **Aroma Performance** sales were down overall as competitive price pressure continued in the business. Across the Advanced Formulation's segment, price and foreign exchange each had a negative impact of (4)% in the quarter.

Underlying EBITDA fell (11)% year on year to € 124 m in the quarter, primarily due to the volume decline in Novecare's oil and gas business, which was only partially compensated by growth in other markets. Although price declined in the quarter, this was offset by operational excellence measures. As a result underlying EBITDA margin remained largely stable at 19%.

H1 2016 performance

Net Sales decreased by (12)% year on year to € 1,312 m, as the headwinds in the North American unconventional oil and gas markets persisted, impacting Novecare's first half sales by (17)%. The oil and gas market challenges impacted volumes and prices significantly versus strong comparables in the first half of 2015. Volume growth in other **Novecare** markets, such as home & personal care, agro, and coatings, mitigated only part of the impact. Overall segment volumes were down by (5)% in the first half. Sales in **Technology Solutions**[1] remained stable despite reduced production levels in the mining industry as older less efficient mines are closing and new mines are not yet ramping up. **Aroma Performance** sales were down, with the exception of vanillin, as competitive price pressure remained intense in the business. Price contributed (4)% to the segment decline related to Novecare and Aroma Performance, and foreign exchange had a (2)% negative impact.

Underlying EBITDA fell (11)% to € 246 m in the first half of 2016, mainly due to the volume drop in Novecare's oil and gas business, which was only partially compensated by growth elsewhere. Foreign exchange effects also had a slight negative effect. Despite the significant headwinds, the underlying EBITDA margin for the first half of 2016 remained stable at 19% thanks to continued operational improvements.

[1] Combination of the former Cytec business units "In Process Separation" and "Additive Technologies"

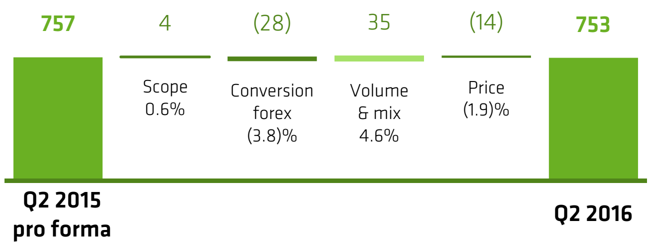
PERFORMANCE CHEMICALS

- Q2 2016 underlying EBITDA increased 20% to € 224 m as a result of volume improvement and cost benefits
- Record performance in Soda Ash thanks to volume growth and excellence measures
- Sustained recovery in Acetow supported volume growth

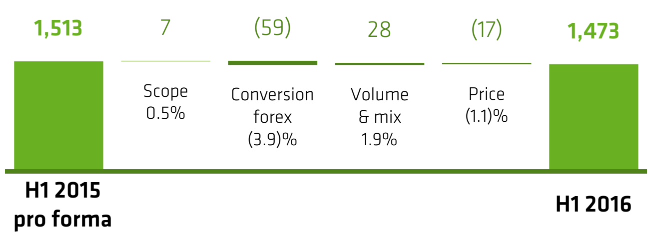
Key data

(in € m)	Underlying Q2 2016	Q2 2015 pro forma	% yoy	H1 2016	H1 2015 pro forma	% yoy
Net sales	**753**	**757**	***(0.5)%***	**1,473**	**1,513**	***(2.7)%***
Soda Ash & Derivatives	397	385	*3.2%*	772	769	*0.4%*
Peroxides	135	134	*1.0%*	272	269	*1.2%*
Acetow	136	130	*4.7%*	262	257	*2.0%*
Coatis	85	108	*(22)%*	167	218	*(23)%*
EBITDA	**224**	**187**	***20%***	**423**	**373**	***13%***
EBITDA margin	*30%*	*25%*	*5.1pp*	*29%*	*25%*	*4.1pp*

Q2 yoy net sales evolution *(in € m)*



H1 yoy net sales evolution *(in € m)*



Q2 2016 performance

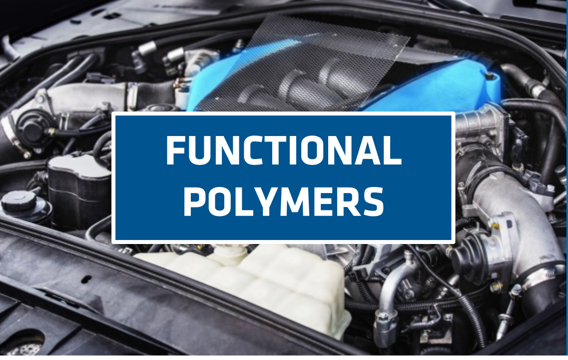
Net sales increased 1% to € 753 m, mainly due to 5% volume growth in the quarter which was offset by (4)% foreign exchange and (2)% price. In **Soda Ash & Derivatives** demand returned for both Europe and seaborne markets following a slow first quarter. Volumes of bicarbonate were at record levels driven by the Thailand plant ramp up. **Peroxides** sales were up slightly related to the traditional wood pulp bleaching market and overall good global demand. **Acetow** volumes were also up year on year as the recovery in the acetate tow market continued in most of the world with the exception of China. **Coatis** remained challenged by the difficult conditions in the domestic Latin American market, significantly impacting sales.

Underlying EBITDA was € 224 m, representing a 20% increase from the same quarter in 2015. The significant improvement was driven by volume increases in Acetow, Soda Ash, and Peroxides, with added € 11 m from the sale of surplus assets within Soda Ash & Derivatives. The segment was further aided by benefits from excellence programs which contributed to the profitability in the quarter. The resulting underlying EBITDA margin grew 5.1 percentage pointsto 30%.

H1 2016 performance

Net sales fell (3)% to € 1,473 m, mainly due to the adverse impact of foreign exchange movements on conversion, with the depreciation of the Brazilian real affecting Coatis' performance. Volumes were up by 2% and pricing impacted sales by (1)% in the first half. In **Soda Ash & Derivatives**, the domestic European and U.S. soda ash markets, as well as the seaborne market, started the year slowly before significantly increasing the second quarter. The newly opened bicarbonate plant in Thailand also contributed nicely to volume improvement in the second quarter after a weak start of the year. **Peroxides** sales were up slightly due to higher volumes to the traditional wood pulp bleaching market which offset weaker sales in specialties. **Acetow** volumes were up year on year as the recovery in the acetate tow market outside of China continues. **Coatis** remained impacted by the difficult conditions in the domestic Latin American market, affecting volumes.

Underlying EBITDA was € 423 m, a 13% increase from the first half 2015 largely attributable to the performance in Acetow and Soda Ash & Derivatives just described in the second quarter. The underlying EBITDA margin in the first half 2016 grew 4.1 percentage pointsto 29% as a result of the improvement in the second quarter.



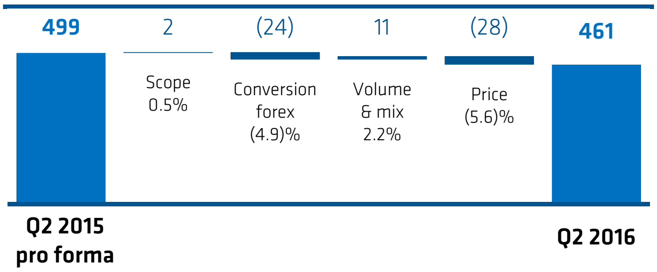
FUNCTIONAL POLYMERS

- Q2 2016 underlying EBITDA at € 64 m, up by 24% related to Chlorovinyls
- Solid contribution from RusVinyl JV, as capacity utilization is maximized.

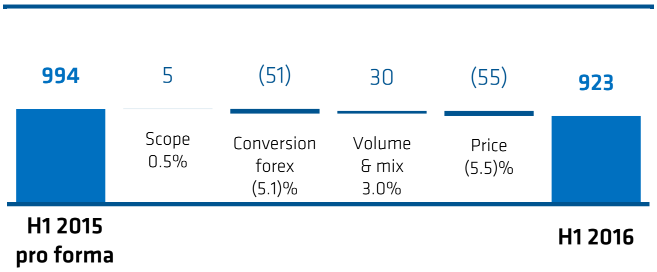
Key data

(in € m)	Underlying Q2 2016	Q2 2015 pro forma	% yoy	H1 2016	H1 2015 pro forma	% yoy
Net sales	**461**	**499**	***(7.7)%***	**923**	**994**	***(7.2)%***
Polyamide	351	383	*(8.5)%*	702	759	*(7.5)%*
Chlorovinyls	110	116	*(5.2)%*	221	235	*(6.1)%*
EBITDA	**64**	**52**	***24%***	**129**	**94**	***38%***
EBITDA margin	*14%*	*10%*	*3.6pp*	*14%*	*9.4%*	*4.5pp*

Q2 yoy net sales evolution *(in € m)*



H1 yoy net sales evolution *(in € m)*



Q2 2016 performance

Net sales fell (8)% to € 461 m as a result of (6)% lower pricing and (5)% conversion foreign exchange impacts, offset partially by 2% volume improvement. The lower raw material costs were partially passed through to customers. **Polyamide** demand was satisfactory. In **Chlorovinyls**, good demand in South East Asia led to higher PVC volumes, which were partially offset by limited production of caustic soda.

Underlying EBITDA was € 64 m, 24% higher year on year, reflecting both volume and cost improvements in Chlorovinyls. The contribution from the RusVinyl joint venture to equity earnings was up significantly compared to early 2015 when the plant was still in start-up. Polyamide margins flattened due to a planned maintenance turnaround which occurs every 3 years. The underlying EBITDA margin of the segment widened by 3.6 percentage points to 14%.

H1 2016 performance

Net sales fell (7)% to € 923 m as a result of (5)% lower pricing and (5)% conversion foreign exchange impacts from currency depreciations versus the euro in Brazil, Korea, and Thailand, where Solvay operates major sites. The lower prices resulted from a decrease in raw material costs, which were partially passed through to customers. Volumes were up both in **Polyamide** and in **Chlorovinyls**, where higher PVC volumes were partially offset by limited production of caustic soda.

Underlying EBITDA came in at € 129 m, 38% higher year on year, reflecting the volume increase and cost optimization programs. The contribution from the RusVinyl joint venture to equity earnings was also well up compared to early 2015 when the plant was still in start-up. The plant is operating close to full capacity now. Consequently the underlying EBITDA margin of the segment widened by 4.5 percentage points to 14%.

CORPORATE & BUSINESS SERVICES

→ Underlying EBITDA at € (53) m in Q2 2016, benefiting from pursued cost optimization programs and delivery of synergies from the Cytec integration.

Key data

	Underlying					
(in € m)	Q2 2016	Q2 2015 pro forma	*% yoy*	H1 2016	H1 2015 pro forma	*% yoy*
EBITDA	**(53)**	**(50)**	***(5.5)%***	**(104)**	**(85)**	***(23)%***

Q2 2016 performance

Net **underlying EBITDA** costs were € (53) m, compared to € (50) m in the second quarter of 2015. In **Energy Services** the business conditions for energy and carbon management services as well as investments in biomass-based energy plants proved more challenging in a low commodity price environment. Costs in **Other Corporate & Business Services** reduced significantly as the operational excellence programs continued to bear fruit and the Cytec integration is progressing on track and delivering synergies.

H1 2016 performance

Net **underlying EBITDA** costs were € (104) m, compared to € (85) m in the first half of 2015, when a € 30 m one-off benefit was recognized related to post-retirement benefits in the U.S. In **Energy Services** the business conditions for energy and carbon management services as well as investments in biomass-based energy plants proved more challenging in a low commodity price environment. Costs at **Other Corporate & Business Services** reduced significantly as the operational excellence programs continued to bear fruit and the Cytec integration is progressing on track and delivering synergies.

SUPPLEMENTARY INFORMATION: RECONCILIATION OF IFRS & UNDERLYING (PRO FORMA) 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. The 2016 data are compared to unaudited pro forma 2015 data including Cytec, as if the acquisition had taken place on January 1, 2015.

Q2 consolidated income statement	Q2 2016			Q2 2015 pro forma		
(in € m)	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales	**3,053**	**-**	**3,053**	**3,242**	**-**	**3,242**
of which revenues from non-core activities	107	-	107	107	-	107
of which net sales	2,946	-	2,946	3,135	-	3,135
Cost of goods sold	(2,200)	-	(2,200)	(2,373)	1	(2,372)
Gross margin	**854**	**-**	**853**	**870**	**1**	**870**
Commercial & administrative costs	(380)	13	(367)	(399)	14	(385)
Research & innovation costs	(77)	1	(77)	(82)	-	(82)
Other operating gains & losses	(34)	58	23	(60)	60	-
Earnings from associates & joint ventures	26	(5)	20	4	4	8
Result from portfolio management & reassessments [1]	(7)	7	-	(33)	33	-
Result from legacy remediation & major litigations [1]	(15)	15	-	(14)	14	-
EBITDA	**630**	**22**	**652**	**549**	**54**	**603**
Depreciation, amortization & impairments	(264)	65	(199)	(264)	72	(191)
EBIT	**366**	**87**	**453**	**286**	**126**	**412**
Net cost of borrowings	(58)	-	(58)	(61)	5	(56)
Coupons on perpetual hybrid bonds	-	(28)	(28)	-	(28)	(28)
Interests and realized foreign exchange losses on RusVinyl (joint venture)	-	(5)	(5)	-	(6)	(6)
Cost of discounting provisions	(29)	-	(29)	(25)	-	(25)
Result from available-for-sale financial assets	1	(1)	-	-	-	-
Result before taxes	**281**	**53**	**334**	**199**	**97**	**296**
Income taxes	(75)	(19)	(94)	(72)	(20)	(92)
Result from continuing operations	**205**	**34**	**240**	**127**	**77**	**204**
Result from discontinued operations	(7)	7	-	31	1	33
Net income	**198**	**41**	**240**	**158**	**78**	**237**
Non-controlling interests	(14)	(2)	(16)	(21)	-	(21)
Net income, Solvay share	**185**	**39**	**223**	**138**	**78**	**216**
Basic earnings per share (in €)	1.79	0.37	2.16	1.33	0.75	2.08
of which from continuing operations	1.82	0.34	2.16	1.12	0.75	1.87
Diluted earnings per share (in €)	1.78	0.37	2.16	1.32	0.75	2.07
of which from continuing operations	1.82	0.34	2.16	1.11	0.75	1.85

[1] These two line items were previously classified as "Non-recurring items" (see note 2).

EBITDA on an IFRS basis totaled € 630 m versus € 652 m on an underlying basis. The difference of € 22 m is explained by the following adjustments to IFRS results, in order to improve comparability of underlying results:

- € (1) m for the non-cash impact of purchase price allocation (PPA), consisting of recycling into profit or loss of Cytec inventory step-ups, which are adjusted in "*Cost of goods sold*".
- € 3 m for legacy acquisition costs, in this case the Chemlogics retention premiums, which are adjusted in "*Commercial & administrative costs*".
- € (5) m in "*Earnings from associates & joint ventures*" for the foreign exchange gains on the euro-denominated debt of the RusVinyl joint venture netted with its financial charges, which are reclassified in net financial charges.
- € 11 m for net costs resulting from portfolio management and reassessments, excluding depreciation, amortization and impairment elements. These include restructuring costs of € (43) m, primarily related to the mothballing of the soda ash plant in Egypt, and restructuring plans in Special Chem and Corporate functions. These costs were partially offset by a € 33 m net gain on certain one-offs, including the € 49 m release to Solvay of Chemlogics holdback payments.
- € 15 m for net costs related to legacy remediation and major litigations.

EBIT on an IFRS basis totaled € 366 m versus € 453 m on an underlying basis. The difference of € 87 m is explained by the above-mentioned € 22 m adjustments on EBITDA level and € 65 m on "*Depreciation, amortization & impairments*". The latter consist of:

- € 69 m 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 m, "*Commercial & administrative costs*" for € 10 m, "*Research & innovation costs*" for € 1 m and "*Other operating gains & losses*" for € 58 m.
- € (4) m for the net positive impact of reversal of impairments on R&I-related assets in "*Portfolio management and reassessments*".

Net financial charges on an IFRS basis were € (86) m versus € (119) m on an underlying basis. The € (34) m adjustment made to IFRS net financial charges consists of:

- € (6) m reclassification of financial charges and realized foreign exchange result on the euro-denominated debt of RusVinyl as net financial charges. The € 10 m delta with the adjustment made to EBITDA is attributed to unrealized foreign exchange gains.
- € (28) m reclassification of coupons on perpetual hybrid bonds, which are treated as equity under IFRS, and as financial debt in underlying results.
- € (1) m for the "*Result from available-for-sales financial assets*", linked to R&I-related investments.
- There was no one-off impact from net decreasing discount rates on environmental liabilities in the period.

Income taxes on an IFRS basis were € (75) m versus € (94) m on an underlying basis. The € (19) m adjustment consists of:

- € (17) m for the tax impacts of the adjustments made to the underlying result before taxes (as described above).
- € (2) m for tax elements related to prior years.

Discontinued operations booked a net loss of € (7) m on an IFRS basis, but had no impact on underlying results. The following adjustments were made to the IFRS result from discontinued operations:

- € 5 m to keep Indupa's fair value less cost to sell unchanged.
- € 2 m related to the divested pharma activities, as underlying results exclude post-closing gains and losses.

Net income, Solvay share, on an IFRS basis was € 185 m after deducting the € (14) m share of non-controlling interests. On an underlying basis the share of non-controlling interests represented € (16) m, adjusted by € (2) m for the impact of the above adjustments.

H1 consolidated income statement

(in € m)	H1 2016 IFRS	H1 2016 Adjust-ments	H1 2016 Under-lying	H1 2015 pro forma IFRS	H1 2015 pro forma Adjust-ments	H1 2015 pro forma Under-lying
Sales	**6,105**	**-**	**6,105**	**6,464**	**-**	**6,464**
of which revenues from non-core activities	228	-	228	225	-	225
of which net sales	5,877	-	5,877	6,239	-	6,239
Cost of goods sold	(4,490)	82	(4,407)	(4,856)	82	(4,774)
Gross margin	**1,615**	**82**	**1,698**	**1,608**	**82**	**1,690**
Commercial & administrative costs	(745)	26	(719)	(772)	28	(745)
Research & innovation costs	(155)	1	(154)	(160)	-	(160)
Other operating gains & losses	(117)	121	4	(106)	120	13
Earnings from associates & joint ventures	42	(9)	32	13	4	18
Result from portfolio management & reassessments [1]	(142)	142	-	(174)	174	-
Result from legacy remediation & major litigations [1]	(26)	26	-	(22)	22	-
EBITDA	**1,133**	**120**	**1,253**	**988**	**207**	**1,195**
Depreciation, amortization & impairments	(662)	269	(393)	(601)	223	(378)
EBIT	**472**	**389**	**861**	**387**	**430**	**817**
Net cost of borrowings	(120)	-	(120)	(125)	10	(116)
Coupons on perpetual hybrid bonds	-	(56)	(56)	-	(56)	(56)
Interests and realized foreign exchange losses on RusVinyl (joint venture)	-	(12)	(12)	-	(12)	(12)
Cost of discounting provisions	(61)	4	(57)	(52)	-	(52)
Result from available-for-sale financial assets	1	(1)	-	-	-	-
Result before taxes	**292**	**324**	**616**	**209**	**372**	**581**
Income taxes	(75)	(99)	(174)	(100)	(78)	(178)
Result from continuing operations	**217**	**225**	**441**	**109**	**293**	**403**
Result from discontinued operations	(1)	1	-	52	5	57
Net income	**215**	**226**	**441**	**161**	**299**	**460**
Non-controlling interests	(15)	(11)	(26)	(36)	(6)	(42)
Net income, Solvay share	**200**	**216**	**416**	**126**	**293**	**418**
Basic earnings per share (in €)	1.93	2.08	4.02	1.21	2.82	4.03
of which from continuing operations	1.88	2.14	4.02	0.84	2.78	3.62
Diluted earnings per share (in €)	1.93	2.08	4.01	1.20	2.80	4.00
of which from continuing operations	1.88	2.13	4.01	0.84	2.76	3.60

[1] These two line items were previously classified as "Non-recurring items" (see note 2).

EBITDA on an IFRS basis totaled € 1,133 m versus € 1,253 m on an underlying basis. The difference of € 120 m is explained by the following adjustments to IFRS results, in order to improve comparability of underlying results:

- € 81 m for the non-cash impact of purchase price allocation (PPA), consisting of recycling into profit or loss of Cytec inventory step-ups, which are adjusted in "*Cost of goods sold*".
- € 6 m for legacy acquisition costs, in this case the Chemlogics retention premiums, which are adjusted in "*Commercial & administrative costs*".
- € (9) m in "*Earnings from associates & joint ventures*" for the foreign exchange gains on the euro-denominated debt of the RusVinyl joint venture netted with its financial charges, which are reclassified in net financial charges.
- € 17 m for net costs resulting from "*Portfolio management and reassessments*", excluding depreciation, amortization and impairment elements. These include restructuring costs of € (119) m, primarily related to restructuring plans in Corporate functions, Special Chem and Soda Ash & Derivatives. These costs were partially offset by a € 103 m net gain on certain one-offs, including the € 77 m capital gain made on the exit of Inovyn and the € 49 m release to Solvay of Chemlogics holdback payments.
- € 26 m for net costs related to "*Legacy remediation and major litigations*".

EBIT on an IFRS basis totaled € 472 m versus € 861 m on an underlying basis. The difference of € 389 m is explained by the above-mentioned € 120 m adjustments on EBITDA level and € 269 m on "*Depreciation, amortization & impairments*". The latter consist of:

- € 143 m 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 m, "*Commercial & administrative costs*" for € 20 m, "*Research & innovation costs*" for € 1 m and "*Other operating gains & losses*" for € 121 m.
- € 126 m for the net impact of impairments, which are non-cash in nature and are reported in "*Portfolio management and reassessments*". These primarily related to the mothballing of the soda ash plant in Egypt for € (105) m.

Net financial charges on an IFRS basis were € (180) m versus € (245) m on an underlying basis. The € (65) m adjustment made to IFRS net financial charges consists of:

- € (12) m reclassification of financial charges and realized foreign exchange result on the euro-denominated debt of RusVinyl as net financial charges. The € 22 m delta with the adjustment made to EBITDA is attributed to unrealized foreign exchange gains.
- € (56) m reclassification of coupons on perpetual hybrid bonds, which are treated as equity under IFRS, and as financial debt in underlying results.
- € 4 m for the net one-off impact from net decreasing discount rates on environmental liabilities.
- € (1) m for the "*Result from available-for-sales financial assets*", linked to R&I-related investments.

Income taxes on an IFRS basis were € (75) m versus € (174) m on an underlying basis. The € (99) m adjustment reflects the tax impacts of the adjustments made to the underlying result before taxes (as described above). There was no net impact from tax elements related to prior years.

Discontinued operations booked a net loss of € (1) m on an IFRS basis, but had no impact on underlying results. The following adjustments were made to the IFRS result from discontinued operations:

- € 19 m to keep Indupa's fair value less cost to sell unchanged.
- € (18) m related to the divested pharma activities, as underlying results exclude post-closing gains and losses.

Net income, Solvay share, on an IFRS basis was € 200 m after deducting the € (15) m share of non-controlling interests. On an underlying basis the share of non-controlling interests represented € (26) m, adjusted by € (11) m for the impact of the above adjustments.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS (REVIEWED)

Differently from the pages before, where the 2016 data are compared to unaudited pro forma 2015 income statement data including Cytec, as if the acquisition had taken place on January 1, 2015, the 2016 data presented in the consolidated interim financial statements, including the notes, are compared to 2015 IFRS data as previously published.

Consolidated income statement

	IFRS			
(in € m)	Q2 2016	Q2 2015	H1 2016	H1 2015
Sales	**3,053**	**2,782**	**6,105**	**5,547**
of which revenues from non-core activities	107	107	228	225
of which net sales	2,946	2,675	5,877	5,322
Cost of goods sold	(2,200)	(2,060)	(4,490)	(4,144)
Gross margin	**854**	**723**	**1,615**	**1,403**
Commercial & administrative costs	(380)	(342)	(745)	(658)
Research & innovation costs	(77)	(71)	(155)	(137)
Other operating gains & losses	(34)	(24)	(117)	(35)
Earnings from associates & joint ventures	26	4	42	13
Result from portfolio management & reassessments [1]	(7)	(32)	(142)	(43)
Result from legacy remediation & major litigations [1]	(15)	(13)	(26)	(21)
EBIT	**366**	**244**	**472**	**521**
Cost of borrowings	(49)	(27)	(102)	(56)
Interest on lendings & deposits	3	3	7	5
Other gains & losses on net indebtedness	(12)	(11)	(26)	(20)
Cost of discounting provisions	(29)	(23)	(61)	(48)
Result from available-for-sale financial assets	1	-	1	-
Result before taxes	**281**	**185**	**292**	**403**
Income taxes	(75)	(72)	(75)	(155)
Result from continuing operations	**205**	**113**	**217**	**248**
Result from discontinued operations	(7)	33	(1)	53
Net income	**198**	**146**	**215**	**301**
Non-controlling interests	(14)	(21)	(15)	(36)
Net income, Solvay share	**185**	**125**	**200**	**265**
Basic earnings per share (in €)	1.79	1.50	1.93	3.18
of which from continuing operations	1.82	1.22	1.88	2.71
Diluted earnings per share (in €)	1.78	1.49	1.93	3.16
of which from continuing operations	1.82	1.21	1.88	2.69

[1] These two line items were previously classified as "Non-recurring items" (see note 2).

Consolidated statement of comprehensive income

(in € m)	IFRS Q2 2016	Q2 2015	H1 2016	H1 2015
Net income	**198**	**146**	**215**	**301**
Other comprehensive income, net of related tax effects	**19**	**(69)**	**(376)**	**448**
Recyclable components	218	(208)	(56)	293
Hyperinflation	-	6		13
Gains and losses on available-for-sale financial assets	3	2	9	2
Gains and losses on hedging instruments in a cash flow hedge	-	45	6	6
Currency translation differences	215	(261)	(72)	271
Non-recyclable components	(222)	175	(341)	198
Remeasurement of the net defined benefit liability	(222)	175	(341)	198
Income tax relating to components of other comprehensive income	22	(36)	21	(43)
Total comprehensive income	**217**	**77**	**(161)**	**749**
attributed to Solvay share	198	69	(176)	691
attributed to non-controlling interests	19	7	15	57

Consolidated statement of cash flows

(in € m)	IFRS Q2 2016	Q2 2015	H1 2016	H1 2015
Net income	198	146	215	301
Depreciation, amortization & impairments (-)	267	262	674	472
Earnings from associates & joint ventures (-)	(26)	(4)	(42)	(13)
Net financial charges & result from available-for-sale financial assets (-)	93	52	196	118
Income taxes (-)	73	109	81	195
Changes in working capital	(79)	(8)	(325)	(509)
Changes in provisions	(44)	(27)	(52)	(92)
Dividends received from associates & joint ventures	6	6	13	9
Income taxes paid (excluding income taxes paid on sale of investments)	(88)	(106)	(113)	(147)
Other non-operating and non-cash items	(43)	(20)	(41)	(9)
Cash flow from operating activities	**356**	**410**	**605**	**323**
of which cash flow related to acquisition of subsidiaries	(6)	-	16	(3)
Acquisition (-) of subsidiaries	23	(23)	20	(23)
Acquisition (-) of investments - Other	1	(3)	(1)	(17)
Loans to associates and non-consolidated companies	(6)	2	(33)	2
Sale (+) of subsidiaries and investments	(4)	-	(2)	(6)
Income taxes paid on sale of investments	-	-	-	(232)
Acquisition (-) of tangible and intangible assets (capital expenditure)	(218)	(240)	(437)	(502)
of which tangible assets	(195)	(220)	(392)	(464)
of which intangible assets	(24)	(20)	(45)	(38)
Sale (+) of tangible & intangible assets	39	4	48	16
Changes in non-current financial assets	(8)	(7)	(18)	(16)
Cash flow from investing activities	**(173)**	**(267)**	**(422)**	**(778)**
Sale (acquisition) of treasury shares	(26)	(37)	(49)	6
Increase in borrowings	424	547	603	924
Repayment of borrowings	(745)	(529)	(1,061)	(576)
Changes in other current financial assets	33	(1)	10	276
Net interests paid	(108)	(90)	(148)	(117)
Coupons paid on perpetual hybrid bonds	(58)	(29)	(58)	(29)
Dividends paid	(208)	(170)	(349)	(282)
of which to Solvay shareholders	(199)	(170)	(337)	(282)
of which to non-controlling interests	(9)	-	(11)	-
Other	(1)	(20)	(20)	(28)
Cash flow from financing activities	**(690)**	**(331)**	**(1,072)**	**174**
Net change in cash and cash equivalents	**(507)**	**(187)**	**(888)**	**(281)**
Currency translation differences	24	(37)	(35)	47
Opening cash balance	1,596	1,264	2,037	1,275
Closing cash balance	**1,113**	**1,040**	**1,113**	**1,040**
of which cash in assets held for sale	33	43	33	43

Free cash flow

(in € m)	IFRS Q2 2016	Q2 2015	H1 2016	H1 2015
Free cash flow	**174**	**167**	**183**	**(177)**
of which from continuing operations	174	110	200	(159)
of which from discontinued operations	-	57	(17)	(18)

Statement of cash flow from discontinued operations

(in € m)	IFRS Q2 2016	Q2 2015	H1 2016	H1 2015
Cash flow from operating activities	3	82	(8)	35
Cash flow from investing activities	(3)	(25)	(8)	(53)
Cash flow from financing activities	(8)	(9)	(17)	(17)
Net change in cash and cash equivalents	**(8)**	**48**	**(34)**	**(35)**

Consolidated statement of financial position

(in € m)	IFRS 30/06 2016	31/12 2015
Non-current assets	**17,790**	**18,716**
Intangible assets	3,721	3,919
Goodwill	5,770	5,840
Tangible assets	6,787	6,946
Available-for-sale financial assets	46	34
Investments in associates & joint ventures	441	398
Other investments	81	92
Deferred tax assets	715	1,059
Loans & other assets	230	427
Current assets	**6,101**	**6,613**
Inventories	1,753	1,867
Trade receivables	1,730	1,615
Income tax receivables	194	158
Dividends receivable	3	-
Other financial instrument receivables	124	111
Other receivables	976	655
Cash & cash equivalents	1,080	2,030
Assets held for sale	242	177
Total assets	**23,891**	**25,329**
Total equity	**9,210**	**9,668**
Share capital	1,588	1,588
Reserves	7,362	7,835
Non-controlling interests	259	245
Non-current liabilities	**10,537**	**11,330**
Provisions for employee benefits	3,378	3,133
Other provisions	816	831
Deferred tax liabilities	1,020	1,456
Financial debt	5,063	5,628
Other liabilities	259	282
Current liabilities	**4,144**	**4,331**
Other provisions	339	310
Financial debt	953	892
Trade payables	1,414	1,559
Income tax payables	204	130
Dividends payable	4	144
Other liabilities	926	1,021
Liabilities associated with assets held for sale	305	275
Total equity & liabilities	**23,891**	**25,329**

Consolidated statement of changes in equity

IFRS

(in € m)	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Retained earnings	Currency translation differences	Revaluation reserve (fair value)		Defined benefit pension plans	Total reserves	Non-controlling interests	Total equity
							Available-for-sale financial assets	Cash flow hedges				
Balance at 31/12/2014	**1,271**	**18**	**(171)**	**1,194**	**5,753**	**(527)**	**(4)**	**(43)**	**(926)**	**5,293**	**214**	**6,778**
Net income for the period	-	-	-	-	265	-	-	-	-	265	36	301
Items of OCI	-	-	-	-	13	252	2	4	155	426	22	448
Comprehensive income	**-**	**-**	**-**	**-**	**278**	**252**	**2**	**4**	**155**	**691**	**57**	**749**
Cost of stock options	(1)	-	-	-	5	-	-	-	-	5	-	5
Dividends	-	-	-	-	(172)	-	-	-	-	(172)	(6)	(178)
Coupons of perpetual hybrid bonds	-	-	-	-	(29)	-	-	-	-	(29)	-	(29)
Sale (acquisition) of treasury shares	-	-	6	-	-	-	-	-	-	6	-	6
Other	1	-	-	-	-	-	-	-	-	-	6	7
Balance at 30/06/2015	**1,271**	**18**	**(166)**	**1,194**	**5,834**	**(275)**	**(2)**	**(39)**	**(771)**	**5,793**	**272**	**7,336**
Balance at 31/12/2015	**1,588**	**1,170**	**(230)**	**2,188**	**5,720**	**(353)**	**(2)**	**(28)**	**(630)**	**7,835**	**245**	**9,668**
Net income for the period	-	-	-	-	200		-	-	-	200	15	215
Items of OCI	-	-	-	-	-	(73)	9	(3)	(308)	(376)	-	(376)
Comprehensive income	**-**	**-**	**-**	**-**	**200**	**(73)**	**9**	**(3)**	**(308)**	**(176)**	**15**	**(161)**
Cost of stock options	-	-	-	-	4	-	-	-	-	4	-	4
Dividends	-	-	-	-	(199)	-	-	-	-	(199)	(9)	(208)
Coupons of perpetual hybrid bonds	-	-	-	-	(58)	-	-	-	-	(58)	-	(58)
Sale (acquisition) of treasury shares	-	-	(38)	-	(11)	-	-	-	-	(49)	-	(49)
Other	-	-	-	-	(8)	13	-	-	-	5	8	13
Balance at 30/06/2016	**1,588**	**1,170**	**(268)**	**2,188**	**5,648**	**(413)**	**8**	**(32)**	**(939)**	**7,362**	**259**	**9,210**

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 July 28, 2016.

On March 16, 2016, Solvay and INEOS announced their intention to end their 50/50 chlorovinyls Inovyn joint venture earlier than originally foreseen, with INEOS to become the sole shareholder. Solvay and INEOS formed Inovyn in July 2015, with Solvay's exit originally planned in July 2018. On March 31, 2016, Solvay and INEOS announced they have signed the binding agreement to end their chlorovinyls Inovyn joint venture, following their intentions announced on March 16, 2016. Upon completion of the transaction (see note 6. "Events after the reporting period"), Solvay received a payment of € 335 million and INEOS became Inovyn's sole shareholder. In 2017, Solvay will pay a total price adjustment approximating € 80 m.

On April 25, 2016 Solvay issued a formal notification for the exercise of the first call option on the € 500 m hybrid bond, maturing in 2104 after having notified the Luxembourg Stock Exchange, where the bond was listed, as well as the bondholders. This bond, which carried an annual interest rate of 6.375% in the first ten years, was classified as a long-term financial debt in the consolidated statement of financial position as of March 31, 2016, and was repaid on June 2, 2016. The financing of this repayment was secured in December 2015, together with the bonds issued to finance the Cytec acquisition.

On May 2, 2016, Solvay entered into a Share Purchase Agreement with Unipar Carbocloro for the sale of its equity interests held in Solvay Indupa. The fair value less cost to sell at year end 2015 has not materially changed and is expected to adequately cover the significant uncertainties surrounding the valuation between the signing and the closing date.

On May 19, 2016, Solvay and Eastman Chemical Company have signed a definitive agreement to end their cellulose acetate production joint venture Primester with Solvay acquiring Eastman's 50% stake in the U.S.-based plant and becoming its sole owner. Following the transaction, Eastman will provide the long-term supply of basic utilities and raw materials to the plant, based in Kingsport, Tennessee. Closing has occurred on June 2, 2016.

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, 2015.

The consolidated interim financial statements for the six months ended June 30, 2016 were prepared using the same accounting policies as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2015.

Following the ESMA Guidelines on Alternative Performance Measures issued on June 30, 2015 and effective as from July 3, 2016, Solvay has split the *Non-recurring items* into two items: (a) *Results from portfolio management and reassessments*, and (b) *Results from legacy remediation and major litigations*. The sum of those two items exactly equals what previously was labeled *Non-recurring items*.

3. Segment information

Solvay is organized in operating segments. As of January 1, 2016, following the acquisition of Cytec, Solvay has re-organized its segment set-up to enhance strategic coherence and improve business alignment. Cytec's former "Aerospace Materials" and "Industrial Materials" activities are included in Advanced Materials as the GBU "Composite Materials", while its "In Process Separation" and "Additive Technologies" activities are included in Advanced Formulations, largely as the GBU "Technology Solutions". Solvay's GBU "Coatis" is transferred to Performance Chemicals and the VinyThai activities, formerly the GBU "Emerging Biochemicals", are now included in the GBU "Chlorovinyls" in Functional Polymers.

- → **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 CO2 and energy efficiency.
- → **Advanced Formulations** serves the consumer goods, agro and food, as well as energy markets primarily. It offers customized specialty formulations that impact surface chemistry and alter liquid behavior, to optimize efficiency and yield, while minimizing the environmental impact.
- → **Performance Chemicals** operates in mature and resilient markets with 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 serves serving mainly the automotive, construction, consumer good and building markets.
- → **Corporate & Business Services** includes corporate and other business services, such as the Research & Innovation Center. It also incorporates the GBU Energy Services, which mission is to optimize energy consumption and reduce CO_2 emissions.

The 2015 IFRS data, presented below, reflect these changes, considering that Cytec activities did not contribute to the 2015 IFRS results. After the exclusion of Coatis the underlying EBITDA of Advanced Formulations ends up € (8) m lower in the second quarter and € (12) m lower in the first half year than published in 2015. After the inclusion of Coatis and the exclusion of Emerging Biochemicals the underlying EBITDA of Performance Chemicals ends up € 2 m higher in the second quarter and € (7) m lower in the first half year than published in 2015 and the underlying EBITDA of Functional Polymers ends up € 7 m higher in the second quarter and € 19 m higher in the first half year than published in 2015.

Reconciliation of segment, underlying and IFRS data

(in € m)	Q2 2016	Q2 2015	H1 2016	H1 2015
Underlying EBITDA	**652**	**500**	**1,253**	**1,002**
Advanced Materials	293	214	560	415
Advanced Formulations	124	91	246	184
Performance Chemicals	224	187	423	373
Functional Polymers	64	52	129	94
Corporate & Business Services	(53)	(43)	(104)	(63)
Underlying depreciation, amortization & impairments	(199)	(166)	(393)	(328)
Underlying EBIT	**453**	**335**	**861**	**674**
Non-cash accounting impact from amortization & depreciation of purchase price allocation (PPA) from acquisitions [1]	(68)	(39)	(225)	(78)
Other legacy costs related to changes in portfolio (e.g. retention premiums) [1]	(3)	(3)	(6)	(5)
Net financial charges and remeasurements of equity book value of the RusVinyl joint venture	5	(4)	9	(4)
Result from portfolio management & reassessments	(7)	(32)	(142)	(43)
Result from legacy remediation & major litigations	(15)	(13)	(26)	(21)
EBIT	**366**	**244**	**472**	**521**
Net financial charges	(86)	(58)	(180)	(119)
Result before taxes	**281**	**185**	**292**	**403**
Income taxes	(75)	(72)	(75)	(155)
Result from continuing operations	**205**	**113**	**217**	**248**
Result from discontinued operations	(7)	33	(1)	53
Net income	**198**	**146**	**215**	**301**
Non-controlling interests	(14)	(21)	(15)	(36)
Net income, Solvay share	**185**	**125**	**200**	**265**

[1] The non-cash PPA impacts can be found in the reconciliation table on pages 16-19. For Q2 2016 these consist of € 1 m recycling into profit & loss of Cytec inventory step-ups, which are adjusted for on the "Cost of goods sold" line, and € (69) m of amortization of intangible assets, which are adjustments for on the "Other operating gains & losses" and "Commercial & administrative costs" lines. The latter is also adjusted for the € (3) m Chemlogics retention premiums. For H1 2016 these consist of € (81) m recycling into profit & loss of Cytec inventory step-ups, which are adjusted for on the "Cost of goods sold" line, and € (143) m of amortization of intangible assets, which are adjustments for on the "Other operating gains & losses" and "Commercial & administrative costs" lines. The latter is also adjusted for the € (6) m Chemlogics retention premiums.

4. Share based payments

On February 24, 2016 the Board of Directors of Solvay SA decided to grant two long-term incentive plans for part of its key executives:

- a stock option plan (SOP) which will allow the acquisition of shares in Solvay; and
- a Performance Share Units (PSU) plan which will allow the beneficiaries to obtain cash based upon the Solvay share price.

a) Stock option plan

The details of the stock options plan are as follows:

Stock option plan

Number of stock options accepted	759,022
Grant date	24/02/2016
Vesting date	01/01/2020
Vesting period	24/02/2016 to 31/12/2019
Exercise price (in €)	75.98
Exercise period	01/01/2020 to 23/02/2024

The stock option plan is an equity settled share-based plan. As of June 30, 2016, the impact on the consolidated income statement and consolidated statement of financial position is € (1) m.

b) Performance Share Units Plan

The details of the performance share units plan are as follows:

Performance share units

Number of PSU accepted	348,990
Grant date	24/02/2016
Vesting date	01/01/2019
Vesting period	24/02/2016 to 31/12/2018
Performance conditions	50% of the initial granted PSU are subject to the underlying EBITDA yoy growth % over 3 years (2016, 2017, 2018); 50% of the initial granted PSU are subject to the yoy CFROI % variation over 3 years (2016, 2017, 2018)
Validation of performance conditions	By the board of Directors

The performance share units plan is a cash-settled share-based plan. As of June 30, 2016, the impact on the consolidated income statement and consolidated statement of financial position is € (3) m.

5. Financial Instruments

a) Valuation techniques

Compared to December 31, 2015, 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 June 30, 2016 is not significantly different from the ones published in Note 37 of the consolidated financial statements for the year ended December 31, 2015.

c) Financial instruments measured at fair value

Solvay's exit from Inovyn against receipt of an additional, performance-based payment qualifies as a derivative financial instrument, of which the fair value amounts to € 335 m at June 30, 2016. Its fair value is largely based on level 3 inputs, and specifically on the binding agreement signed with INEOS on March 31, 2016.

For other financial instruments measured at fair value in Solvay's consolidated statement of financial position, the fair value of those instruments as of June 30, 2016 is not significantly different from the ones as published in the Note 37 of the consolidated financial statements for the year ended December 31, 2015.

During the six months ended June 30, 2016, there were neither reclassification 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.

6. Events after the reporting period

On July 7, 2016, Solvay has completed the divestment of its shareholding in Inovyn, bringing to an end its chlorovinyls joint venture with INEOS. Solvay received exit cash proceeds amounting to € 335 m. The exit of the joint venture followed regulatory clearances from the relevant authorities.

7. 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 six month management report contains a faithful presentation of significant events occurring during the six first months of 2016, 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 2015 Annual Report, taking into account the current economic and financial environment.

8. Auditor report on review of the consolidated interim financial information for the six-month period ended 30 June 2016

To the board of directors

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated statement of financial position as at 30 June 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period of six months then ended, as well as selective notes 1 to 7.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Solvay SA/NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standard IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

The consolidated statement of financial position shows total assets of € 23,891 m and the consolidated income statement shows a consolidated profit (group share) for the period then ended of € 200 m.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410 – Review of interim financial information performed by the independent auditor of the entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Solvay SA/NV has not been prepared, in all material respects, in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

Diegem, 28 July 2016

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Michel Denayer

FINANCIAL GLOSSARY

Adjustments: Adjustments made to IFRS results for elements distorting comparability over time of the Group underlying performance. These adjustments consist of:
- Results from portfolio management and reassessments,
- Results from legacy remediation and major litigations,
- M&A related impacts, mainly including non-cash Purchase Price Acquisition impacts (e.g. inventory step-up and amortization of intangibles) and retention bonuses relative to Chemlogics and other acquisitions,
- Net financial results related to changes in discount rates, hyperinflation, coupons of hybrid bonds considered as dividends 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 available-for-sale financial assets,
- 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

CFROI: Cash flow return on investment, calculated as the ratio between recurring cash flow and invested capital, where
- Recurring cash flow = underlying EBITDA + (dividends from associates and joint ventures – earnings from associates and joint ventures) – recurring capex – tax;
- Invested capital = replacement value of fixed assets + working capital + carrying amount of associates and joint ventures;
- Recurring capex is normalized at 2% of the replacement value of fixed assets net of goodwill values;
- Tax is normalized at 30% of (underlying EBIT – earnings from associates and joint ventures);

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.

EBITDA: earnings before interest and taxes, depreciation and amortization.

Free cash flow: Cash flow from operating activities (including dividends from associates and joint ventures and excluding cash flow related to acquisitions of subsidiaries) and Cash flow from investing activities (excluding acquisitions and disposals of subsidiaries and other investments and excluding loans to associates and non-consolidated investments).

GBU: Global business unit.

Gearing ratio: Net financial debt / total equity.

IFRS: International Financial Reporting Standards.

Leverage ratio: Net financial debt / underlying EBITDA of last 12 months.

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

Net debt: Non-current financial debt + current financial debt – cash & cash equivalents – other financial instrument receivables.

Net financial charges: net cost of borrowings, costs of discounting provisions (namely, related to post-employment benefits and HSE liabilities) and income / loss from available-for-sale financial assets.

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 other revenues primarily comprising commodity and utility trading transactions and other revenue deemed as incidental by the Group.

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

OCI: Other Comprehensive Income.

pp: Unit of percentage points or 1.0%, 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.

Result from legacy remediation and major litigations: It includes (a) the remediation costs not generated by on-going production facilities (shut-down of sites, discontinued activities, previous years' pollution), and (b) the impact of significant litigations.

Results from portfolio management and reassessments: It includes (a) gains and losses on the sale of subsidiaries, joint operations, joint ventures, and associates that do not qualify as discontinued operations; (b) acquisition costs of new businesses; (c)• gains and losses on the sale of real estate not directly linked to an operating activity; (d) major restructuring charges; (e) • impairment losses resulting from the shutdown of an activity or a plant; and (f) 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.

Results on disposals: It includes gains/(losses) from activities presented as discontinued operations.

SOP: Stock Option Plan.

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.

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.

Underlying net debt: Underlying net debt reclassifies as debt 100% of the hybrid perpetual bonds, considered as equity under IFRS.

yoy: Year on year comparison.

BUSINESS GLOSSARY

FKM: Fluoro-elastomer, polymer type.

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

PA: Polyamide, polymer type.

PCC: Precipitated calcium carbonate.

PVC: Polyvinyl chloride, polymer type.

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

September 29, 2016	Capital Markets Day
November 8, 2016	Publication of the 3rd quarter 2016 results
February 24, 2017	Publication of the 4th quarter and full year 2016 results
May 3, 2017	Publication of the 1st quarter 2017 results
May 9, 2017	Annual general meeting
August 1, 2017	Publication of the 2nd quarter and 1st half year 2017 results
November 8, 2017	Publication of the 3rd quarter 2017 results

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An international chemical and advanced materials company, Solvay assists its customers in innovating, developing and delivering high-value, sustainable products and solutions which consume less energy and reduce CO2 emissions, optimize the use of resources and improve the quality of life. Solvay serves diversified global end markets, including automotive and aerospace, consumer goods and healthcare, energy and environment, electricity and electronics, building and construction as well as industrial applications. Solvay is headquartered in Brussels with about 30,000 employees spread across 53 countries. It generated pro forma net sales of € 12.4 bn in 2015, with 90% made from activities where it ranks among the world's top 3 players. Solvay SA (SOLB.BE) is listed on Euronext in Brussels and Paris (Bloomberg: SOLB.BB - Reuters: SOLB.BR).

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