

SOLVAC

SOCIETE ANONYME
Rue des Champs Elysées, 43 - 1050 Brussels- Belgium
Tel. + 32 2 639 66 30
Fax + 32 2 639 66 31
www.solvac.be

Press Release

Embargo, 31 July 2018 at 6:00 p.m.
Regulated information
Interim financial report

Solvac: First interim gross dividend 2018 at €3.00

1. Cash revenue ¹, driven by dividends from the investment in Solvay amounted to € 117.1 million compared to € 112.1 million in 2017

	1 st half of 2017	1 st half of 2018
<i>Dividend per Solvay share – January (in €)</i>	1.32	1.38
<i>Number of Solvay shares held by Solvac (in million)</i>	32.5	32.5
Dividend Solvay cash in January (in million €) (a)	42.9	44.9
<i>Dividend per Solvay share – May (in €)</i>	2.13	2.22
<i>Number of Solvay shares held by Solvac (in million)</i>	32.5	32.5
Dividend Solvay cash in May (in millions) (b)	69.2	72.2
Cash revenue (in million €) (a) + (b) ¹	112.1	117.1
Cash income (in million €) ¹	109.3	114.3

Solvac holds 30.71 % in Solvay as of the end of June 2018 (same as of the end of December 2017).

Provided that the statutory financial statements (see 3 below) permit it, it is based on the cash income (€ 114.3 million as of first half of 2018) after covering costs (mainly interest expenses), that the Board of Directors determines the amount of dividends proposed to be distributed by Solvac.

2. The Board of Directors approved today the consolidated financial statements of Solvac on 30 June 2018. These financial statements were subject to a limited review by the Auditor. They are presented according to IFRS standards as adopted in the European Union.

¹ Solvac uses certain non-IFRS performance indicators that are defined here:

- Cash revenue refers to income received during the period. It is defined as the cash flow obtained by the payment of dividends received from Solvay.
- Cash income means the cash revenue reduced by the interest charges and other income and expenses (financial/operational). It is on the basis of this indicator that the Board of Directors determines the amounts proposed for distribution by Solvac.

€ million	1 st half of 2017	1 st half of 2018
Investment result according to the equity method	193	105
Operational expenses	-1	-1
Net debt expenses	-2	-2
Net income	190	102
Net income per share (€) ¹	8.9	4.8

On 30 June 2018 Solvac recorded a consolidated net income of € 102 million (€ 4.8 per share) compared to € 190 million (€ 8.9 per share) for the same period in 2017, as a result of the change of Solvay's result according to the equity method.

The Investment result of € 105 million is lower than € 193 million in the same period in 2017 as a result of a restructuring program announced by Solvay in March 2018 as well as the impact of capital gains made in 2017 (mainly following the sale of Acetow).

3. The Board of Directors announces the figures of the statutory financial statements for Solvac SA (Belgian GAAP) for the first half of 2018:

€ million	1 st half of 2017	1 st half of 2018
Financial result	67.1	70.1
Operating result	-0.7	-0.8
Income after taxes	66.4	69.3

Profit after taxes is € 69.3 million, up 4.4 % compared to the previous year (€ 66.4 million), following the increase of the balance of the dividend paid by Solvay.

4. In accordance with the dividend distribution policy of the company, the Board of Directors decided to set the first interim dividend at € 3.00 gross, an increase of 4.2 % compared to the first interim dividend of 2017. This amount represents 60% of the total dividend of the previous year.

The net interim dividend amounts to 2.10 €, after deduction of the withholding tax of 30%.

This first interim dividend will be paid on 24 August 2018.

This will lead to a gross distribution of € 64.1 million.

The Solvac shares will trade ex-dividend on Euronext Brussels, from 9 August 2018.

The second interim dividend, which will be decided by the Board, will be released on 13 December 2018 and paid on 28 December 2018.

In line with its policy of distributing virtually all the Solvay dividends and given the latter's decision to increase its dividend ex. 2017 by 4.3 %, the Board should resolve in December to bring the total dividend ex. 2018 from € 5.02 gross to € 5.22 gross per share. Such a distribution would result in an outflow of cash of € 111.6 million in 2018.

The second interim dividend should settle at € 2.22 gross per share or € 1.554 net per share.

5. Since 1 January 2013, Euronext Brussels has cancelled all VVPR strips quoted on the markets it was organizing and, in particular, the strips issued by Solvac.

Following the abolition by the program law of 27 December 2012 of the reduction of withholding tax on dividends applicable to shares with VVPR strips, the latter lost their value. In view of the foregoing, the Solvac Board of Directors decided on 31 July 2018 to cancel the VVPR strips issued by Solvac.

¹ The net income per share and the net diluted income per share are identical. The average weighted number of shares used for the calculation per share is 21,375,033 in June 2018 and in June 2017.

Euroclear Belgium, which was keeping the register, and Euronext Brussels were duly informed of this decision.

6. Limited review opinion on financial statements

Deloitte conducted a limited review of the situation at six months ending on 30 June 2018.

Report on the review of the consolidated interim financial information of Solvac SA/NV for the six-month period ended 30 June 2018

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 condensed statement of financial position as at 30 June 2018, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of six months then ended, as well as selective notes 1 to 8.

Report on the consolidated interim financial information

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

The consolidated condensed statement of financial position shows total assets of 3.524 million EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 102 million EUR.

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 Solvac SA/NV has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, 31 July 2018

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

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

Represented by Michel Denayer

7. Notes

Content

This press release contains regulated information and is prepared in accordance with the IAS 34 standard. The analysis of risk management is presented in the annual report, available on the Internet (www.solvac.be). There is no change as at 30 June 2018 in the risk identification compared to 31 December 2017.

Solvac shares

	December 2017	June 2018
Number of shares outstanding at end of period	21,375,033	21,375,033
Average number of shares for calculating results per share according to IFRS	21,375,033	21,375,033
Average number of shares for calculating diluted results per share according to IFRS	21,375,033	21,375,033

8. Statement of the persons accountable

Mr JP. Delwart, Chairman of the Board of Directors, and Mr B. de Laguiche, Managing Director of Solvac, represent that to their knowledge:

- the condensed financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, the financial position and the results in the statutory financial statements and consolidated financial statements of Solvac;
- the interim report includes a fair review of the important events during the first six months of the 2018 financial year and their impact on the condensed financial statements.
- the main risks and uncertainties for the remaining months of the 2018 financial year are consistent with the assessment presented in the "Risk Management and Internal Control" section of Solvac's annual report and reflect the current economic and financial environment.

9. Key financial reporting dates

- 24 August 2018: Payment of the first interim dividend for the 2018 financial year
- 13 December 2018: 6:00 pm "Second interim dividend" press release
- 28 December 2018: Payment of the second interim dividend for the 2018 financial year.

For more information, please contact:

SOLVAC S.A.

Investor Relations

Rue des Champs Elysées, 43 - 1050 Brussels

Tel.: 32/2/639 66 30

Fax: 32/2/639 66 31

Email: investor.relations@solvac.be

Dit persbericht is ook in het Nederlands beschikbaar - Ce communiqué de presse est également disponible en français

CONDENSED IFRS INTERIM FINANCIAL STATEMENTS

Condensed consolidated balance sheet

€ million	<i>Notes</i>	31 December 2017	30 June 2018
ASSETS			
Tangible fixed assets		0	0
Non-current assets: investments according to the equity method	2	3,376	3,463
<i>Goodwill</i>		343	343
<i>Investments according to the equity method excluding goodwill</i>		3,033	3,120
Current assets: short term receivables		45	0
Cash and cash equivalents	3	0	61
Total Assets		3,421	3,524
LIABILITIES			
Equity	4	3,213	3,369
<i>Capital</i>		192	192
<i>Reserves</i>		3,021	3,177
Non-current liabilities: long term financial debt	5	160	150
Current liabilities		48	5
<i>Short term financial debt</i>		31	0
<i>Tax liabilities</i>		13	0
<i>Other current liabilities</i>	6	4	5
Total liabilities		3,421	3,524

Condensed consolidated income statement

€ million		1st half of 2017	1st half of 2018
Investment result according to the equity method	2	193	105
Operational expenses		-1	-1
Net debt expenses	5	-2	-2
Net income		190	102
Net income per share (€) ¹		8.9	4.8

¹ The net income per share and the net diluted income per share are identical. The average weighted number of shares used for the calculation per share is 21,375,033 in June 2018 and in June 2017.

Condensed consolidated statement of comprehensive income

€ million	1 st half of 2017	1 st half of 2018
Net income	190	102
Other elements of comprehensive income		
Recyclable elements		
Profits and losses related to the revaluation of financial instruments measured at fair value through comprehensive income	-1	-
Profits and losses on hedging instruments in a cash flow hedge	4	-5
Currency translation adjustments related to activities abroad	-144	39
Non-recyclable elements		
Revaluation of net liabilities in respect of defined benefit pension plans	55	56
Taxes on recyclable and non-recyclable elements		
Taxes on recyclable and non-recyclable elements	-10	-12
Other elements of comprehensive income net of related tax effects	-96	78
Comprehensive income	94	180

Condensed consolidated statement of changes in equity

€ million	Capital	Share premiums	Retained earnings	Hybrid bond	Currency translation and fair value adjustments, and defined benefit pension plans	Total equity
Carrying amount as of 31/12/2016	192	568	2,055	675	-255	3,235
Net income for the first half			190			190
Other elements of comprehensive income					-96	-96
<i>Comprehensive income</i>			190		-96	94
Changes in scope and other			-28			-28
Carrying amount as of 30/06/2017	192	568	2,217	675	-351	3,301
Net income for the second half			138			138
Other elements of comprehensive income					-108	-108
<i>Comprehensive income</i>			138		-108	30
Dividends			-107			-107
Changes in scope and other			-11			-11
Carrying amount as of 31/12/2017	192	568	2,237	675	-459	3,213
Impact of adoption of IFRS 9 by Solvay			-2			-2
Carrying amount as of 31/12/2017 – restated	192	568	2,235	675	-459	3,211
Net income for the first half			102			102
Other elements of comprehensive income					78	78
<i>Comprehensive income</i>			102		78	180
Changes in scope and other			-22			-22
Carrying amount as of 30/06/2018	192	568	2,315	675	-381	3,369

More information about the changes related to Solvay are available in Solvay's press release issued on 31 July 2018.

Condensed consolidated statement of cash flows

€ million	1 st half of 2017	1 st half of 2018
Operational expenses	-1	-1
Change in working capital	1	1
Dividends received from Solvay	112	117
Cash flows from operational activities	112	117
Acquisition of Solvay securities	0	0
Cash flows from investment activities	0	0
Refund of borrowings	-33	-91
New borrowings	0	50
Interest paid	-2	-2
Changes in taxes linked to dividends paid	-12	-13
Cash flows from financing activities	-47	-56
Net change in cash	65	61
Cash and cash equivalent at opening	1	0
Cash and cash equivalent at closing	66	61

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Declaration of compliance and accounting principles

The condensed consolidated financial statements have been prepared in accordance with the IAS 34 standard as currently adopted in the European Union.

No changes were made to the accounting principles as compared to those that were used for the preparation of the last consolidated financial statements prepared on 31 December 2017, with the exception of the following standards applicable for the annual period open beginning from the 1st of January 2018:

Standards applicable for the annual period beginning on 1 January 2018

- Amendments to IAS 40 *Transfers of Investment Property*
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*
- Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
- IFRS 9 *Financial Instruments and subsequent amendments*
- IFRS 15 *Revenue from Contracts with Customers*

There is no significant impact on Solvac's accounts following the implementation of the new standards on 1 January 2018.

IFRS 9 is replacing on 1st January 2018 standard IAS 39 on financial instruments. The classification model of financial instruments introduced by IFRS 9 has the following consequences on the disclosures provided by Solvac:

- Former IAS 39 categories "Loans and receivables" and "Financial liabilities at amortized cost". The greater part of the "Loans and receivables" IAS 39 category corresponded, at the end of the year to dividends to receive from Solvay as well as cash, i.e. cash on hand and demand deposits and cash equivalents. As for the "Financial liabilities at amortized cost" IAS 39 category, it mainly corresponded to loans, trade accounts payable and other financial liabilities. These assets and liabilities now depend upon the "Amortized cost" IFRS 9 category.

IFRS 9 has no impact on the valuation of those categories or the presentation of the consolidated financial statements.

The impact of future application of these standards and interpretations on the financial statements of Solvay Group is set out in detail in its half-year report.

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2018

- Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement* (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 28 *Long term interests in Associates and Joint Ventures* (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation* (applicable for annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Annual improvements to IFRS Standards 2015-2017 Cycle (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRIC 23 *Uncertainty over Income Tax Treatments* (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRS 14 *Regulatory Deferral Accounts* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 16 *Leases* (applicable for annual periods beginning on or after 1 January 2019)

- IFRS 17 *Insurance Contracts* (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)

The impact of future application of these standards and interpretations on the financial statements of Solvay Group is set out in detail in its half-year report. Their application at the level of Solvac should not have any significant impact on the consolidated financial statements.

Income received as dividends is generally higher during the first half of the year than in the second half.

There was no significant event subsequent to the closing of the first half of the year.

(2) Investments according to the equity method

This is Solvac's 31.52 % stake in Solvay S.A. (after deducting shares held by Solvay and its subsidiaries).

The value of the stake according to the equity method amounted to € 3,463 million (of which 343 of goodwill and 3,120 of value excluding goodwill), being € 106.52 per Solvay share held to be compared with the share price of € 108.15 on 30 June 2018.

Changes in investments according to the equity method excluding goodwill are as follows:

€ million	2017	1 st half of 2018
Value as of 1st of January	3,057	3,033
Income	334	105
Distribution	-114	-72
Currency translation adjustments, fair value and liabilities defined benefit pension plans	-204	78
Scope variation and others	-39	-24
Value at 31 December/30 June	3,033	3,120

For the 1st half of 2018, Solvac's share of the Solvay Group's net income, excluding non-controlling interests, amounted to € 105 million (2017: € 334 million and 1st half of 2017: € 193 million).

(3) Cash and cash equivalent

Given the current situation of interest rates on the financial markets, Solvac did not invest the dividend received in May 2018 in commercial paper. This amount is therefore always on the Solvac bank account (without generating any fee).

(4) Equity

Total equity at the end of June 2018 amounted to € 3,369 million (compared to € 3,211 million¹ at the end of 2017) and includes direct allocations in equity (other comprehensive income). The latter mainly results from currency translation adjustments, market development of Solvay's financial instruments and defined benefit pension plans.

(5) Long term financial debt

Debts due in more than a year at the end of June 2018 (€ 150 million) are down compared to the end of 2017 (loans from BNP Paribas Fortis). On 24 May 2018, the loan of € 60 million was refinanced for € 50 million for a period of 7 years expiring on 24 May 2025. The rate of this new loan decreased from 3.2 % to 2.75 %.

¹ This equity has been restated following the implementation of IFRS 9. This results from the restatement of Solvay's shareholder equity of € 2 million for Solvac's proportional share.

This is Solvac's structural debt:

- loan of € 50 million (fixed rate of 2.90 % - maturing in 2022)
- loan of € 50 million (fixed rate of 1.50 % - maturing in 2023)
- new loan of € 50 million (fixed rate of 2.75 % - maturing in 2025)

(6) Other current liabilities

These are mainly interest accrued liabilities, trade payables and residual amounts to be repaid to shareholders.

(7) Fair value of financial instruments assessed at their amortized cost

On the balance sheet of Solvac, the fair value of these financial instruments is not significantly different from the carrying amount in the consolidated financial statements on 31 December 2017.

(8) Reconciliation between cash revenue and consolidated net income for the first halves of 2018 and 2017

EUR million	1st half of 2017	1st half of 2018
Cash revenue	112	117
<i>Operating result</i>	-1	-1
<i>Cost of borrowings</i>	-2	-2
Cash income	109	114
<i>Minus Solvay dividend received in January 2017 and January 2018, recorded in the net income of year 2016 and 2017, respectively</i>	-43	-45
<i>Cancellation of Solvay dividends, reversed in consolidation</i>	-69	-72
<i>Share of Solvay net result during the year</i>	193	105
Net income Solvac - Consolidated financial statement	190	102