Solvac

Press Release

Embargo, February 28, 2019 at 6:00 pm

Regulated information

Solvac: Increase in net profits of 4.6 % compared to 2017

1. The corporate Solvac S.A. 2018 net income is up 4.6% compared to 2017 (see point 3 on page 2).
   The cash revenue[1], including the inflow of dividends from its participation in Solvay, came to €117.1 million versus €112.1 million in 2017, namely, an increase of 4.3% attributable to the increase of Solvay dividend as shown in the table below:

	2017	2018
Solvay dividend per share – January (in EUR)	*1.32*	*1.38*
Number of Solvay shares held by Solvac (in million)	*32.5*	*32.5*
Solvay dividend received in January (in million EUR) (a)	42.9	44.9
Solvay dividend per share – May (in EUR)	*2.13*	*2.22*
Number of Solvay shares held by Solvac (in million)	*32.5*	*32.5*
Solvay dividend received in May (in million EUR) (b)	69.2	72.2
Cash revenue (a) + (b) [1] (in million EUR)	**112.1**	**117.1**
Operating expenses (in million EUR)	-1.2	-1.4
Cost of borrowing (in million EUR)	-4.2	-3.9
Cash income [1] (in million EUR)	**106.7**	**111.8**

   Insofar as the company statutory accounts authorise, it is on the basis of cash income, after covering expenses (primarily financial charges), that the Board of Directors determines the amounts proposed for distribution by Solvac.

2. The Board of Directors has prepared the Solvac consolidated financial statements at December 31, 2018. These accounts have been submitted to the Statutory Auditor. They are presented according to IFRS standards.

   Consolidated income statement

EUR million	*2017*	*2018*
Income from investments accounted for under the equity method	*333.8*	*270.4*
Operating expenses	*-1.2*	*-1.4*
Cost of borrowings	*-4.2*	*-3.9*
Net income	***328.4***	***265.1***
Net earnings and diluted earnings per share (EUR)[2]	***15.4***	***12.4***

[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. See detail of calculation in note 15, page 17 of current press release.

[2] 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 was 21,375,033 in 2017 and in 2018

Solvac recorded for the year end December 31, 2018 net consolidated income of €265.1 million (namely, €12.4 per share) versus €328.4 million (namely, €15.4 per share) in 2017, as a result of the change in income from applying the equity method to Solvay.

The 2018 net result of the participation calculated by the equity method is lower than in 2017, following the restructuring program announced by Solvay in March 2018, the impact of the tax evolution and the contribution of discontinued activities, reflecting the evolution of Solvay's net result. On the contrary, the underlying result per Solvay share has increased by 16%, discontinued activities included and by 12% if only continued activities are considered.

The operating expenses increase from € 1.2 million to € 1.4 million due to a provision reversal of € 0.15 million in 2017.

3. The Board of Directors reports the figures of the statutory accounts relating to Solvac SA in 2018 :

EUR thousand	*2017*	*2018*
Financial result	*109,905*	*115.093*
Operating result	*-1,236*	*-1.404*
Profit before tax	*108,669*	*113.689*
Profit after tax	*108,669*	*113.688*
Gross payment to shareholders	*107,303*	*111.578*
Retained earnings	*1,366*	*2.110*

The 2018 net income is € 113.7 million (versus € 108.7 million in 2017) attributable to the increase in dividends per share paid or decided by Solvay.

4. Two interim dividend payments were made, respectively on August 24, 2018 and on December 28, 2018, the second representing in principle the balance due, which the General Shareholders Meeting will be asked to approve. In total, each share received in 2018 a gross compensation of 4.0 % compared to 2017 :

EUR	*2017*	*2018*
A first deposit	*2,88*	*3,00*
A second deposit	*2,14*	*2,22*
Gross dividend per share	*5.02*	*5.22*

5. The Board of Directors of ***Solvay*** decided on February 26, 2019 to pay on May 23, 2019 the balance due on the dividend for the financial year 2018, which comes to € 2.31 gross per share.

Taking into account the interim dividend of € 1.44 paid in January 2019, the gross dividend of Solvay reaches € 3.75 for the fiscal year 2018, up to 4.2 %.

NOTES

1. Report of the statutory auditor

Deloitte confirmed that its audit work on the consolidated financial statements of Solvac SA, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, is substantially completed. Deloitte confirms that the financial information contained in this press release requires no comment on its part and is consistent with the consolidated financial statements of Solvac SA. The full audit report of the consolidated financial statements and the full report of the Commissioner on the audit of the annual financial information included in the annual report 2018 will be published on the internet (www.solvac.be) on April 12, 2019.

2. Content

This press release contains regulated information and is drafted in compliance with the applicable IFRS standards. The risk management analysis is included in the notes to the consolidated financial statements as well as in the annual report, which will be available on the Internet (www.solvac.be).

3. Solvac shares

	2017	*2018*
Number of shares issued at the end of the period	21,375,033	21,375,033
Average number of shares for calculating IFRS earnings per share	21,375,033	21,375,033
Average number of shares for calculating IFRS diluted earnings per share	21,375,033	21,375,033

4. Statement by the responsible persons

M. JP. Delwart, Chairman of the Board of Directors, and M. B. de Laguiche, Managing Director of Solvac, confirm that to the best of their knowledge:
a) the annual financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, the financial position and the profit or loss of the issuer and of the undertakings included in the consolidation;
b) the management report includes a fair review of the development and performance of the business and the position of the issuer and of the undertakings included in the consolidation, together with a description of the principal risks and uncertainties that it faces;

Key dates for financial communications

- April12, 2019: Publication of the 2018 annual report on www.solvac.be
- May 14, 2019: Ordinary General Meeting of the Shareholders (2:30 pm)
- July 31, 2019: Result from the first half of 2019 and announcement of the first interim dividend for financial year 2019
- August 27, 2019: Payment of the first interim dividend for financial year 2019
- December 12, 2019: Announcement of the second interim dividend for financial year 2019
- December 27, 2019: Payment of the second interim dividend for financial year 2019

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

Solvac – Consolidated financial statements

The financial statements that follow were approved by the Board of Directors on February 28, 2019. They were prepared in compliance with IFRS accounting standards described in the following pages.

Consolidated income statement

EUR million	*Notes*	2017	2018
Income from investments accounted for under the equity method	*(1)*	334	270
Operating expenses		-1	-1
Cost of borrowings	*(2)*	-4	-4
Net income		**328**	**265**
Net earnings and diluted earnings per share (EUR)	*(3)*	15.4	12.4

Statement of total comprehensive income

EUR million	*Notes*	2017	2018
Net income		**328**	**265**
Other comprehensive income [1]			
Recyclable components			
Gains and losses on hedging instruments in a cash-flow hedge		5	-15
Currency translations differences (activities abroad)		-250	68
Non-recyclable components			
Gains and losses on equity instruments remeasured at fair value through other comprehensive income		0	1
Remeasurement of the net defined benefit liability		30	8
Income tax relating to components of other comprehensive income			
Income tax relating to components of other comprehensive income.		12	1
Other comprehensive income net of related tax effects		**-204**	**63**
Comprehensive income	*(4)*	**124**	**328**

[1] Other elements of the comprehensive income come from the statement of changes in equity of Solvay S.A. More information is available in the latter's press release.

Cash flow statement

EUR million	*Notes*	2017	2018
Net result		328	265
Cost of borrowings		4	4
Income from investments accounted for under the equity method	*(1)*	-334	-270
Changes in working capital		0	0
Dividends received from Solvay		112	117
Cash flow from operating activities		**111**	**116**
Acquisition of Solvay shares	*(1)*	0	0
Sale of Solvay shares		0	0
Cash flow from investing activities		**0**	**0**
Capital increase		0	0
Acquisition of treasury shares		0	0
Increase in borrowing	*(2) (5) (11)*	31	92
Repayment of borrowing	*(2) (5) (11)*	-33	-91
Interest paid	*(2)*	-4	-4
Dividends paid	*(6)*	-107	-112
Changes in taxes linked to dividends paid [2]		1	0
Cash flow from financing activities		**-112**	**-115**
Net changes in cash and cash equivalents		**-1**	**1**
Opening cash balance		1	0
Closing cash balance		0	1

Statement of financial situation

EUR million	*Notes*	2017	2018
ASSETS			
Tangible assets		0	0
Non-current assets : investments in associates	*(1)*	3,376	3,655
Goodwill		343	343
Investments in associates excluding goodwill		3,033	3,312
Current assets : short-term receivables	*(7)*	45	47
Cash and cash equivalents		0	1
Total assets		**3,421**	**3,703**

EQUITY AND LIABILITIES			
Equity	*(8)*	3,213	3,493
Capital		192	192
Reserves		3,021	3,301
Non-current liabilities : long term financial debt	*(2) (11)*	160	150
Current liabilities		48	60
Short-term financial debts	*(5) (11)*	31	42
Tax liabilities		13	14
Other current liabilities		4	4
Total equity and liabilities		**3,421**	**3,703**

Statement of changes in equity

EUR million	Capital	Issue premiums	Treasury shares	Coupon of Perpetual Hybrid bond	Retained earnings	Currency translation, fair value differences and defined benefit pension	Total equity
Balance as at 31/12/2016	**192**	**568**	**0**	**675**	**2,055**	**-255**	**3,235**
Profit of the year					328		328
Other elements of the comprehensive income						-204	-204
Comprehesive Income					328	-204	124
Dividends					-107		-107
Hybrid bond							0
Acquisition / sale of treasury shares							0
Scope and other variations					-39		-39
Balance as at 31/12/2017	**192**	**568**	**0**	**675**	**2,237**	**-459**	**3,213**
Impact of Adoptation of IFRS19 by Solvay					-2		-2
Balance remeasured at 31/12/2017	**192**	**568**	**0**	**675**	**2,235**	**-459**	**3,211**
Profit of the year					265		265
Other elements of the comprehensive income						63	63
Comprehensive income					*265*	*63*	*328*
Dividends					-112		-112
Coupon of Perpetual Hybrid bond				94			94
Acquisition / sale of treasury shares							0
Scope and other variations					-28		-28
Balance as at 31/12/2018	**192**	**568**	**0**	**769**	**2,360**	**-396**	**3,493**

Notes to the consolidated financial statements

IFRS accounting policies

The primary accounting policies used in the preparation of these consolidated financial statements are the following:

1. General information and applicable IFRS standards

Solvac is a “société anonyme” under Belgian law and quoted on Euronext Brussels. The company’s main activity is its 30.71% shareholding in Solvay SA.

The consolidated financial statements for the financial year ending December 31, 2018 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union.

Obligatory changes of accounting methods

The following amended standards have been applied beginning with the 2018 financial year:

• 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 15 *Revenue from Contracts with Customers*
• IFRS 9 *Financial Instruments and subsequent amendments*

These new or amended standards and interpretation did not have a significant impact on the consolidated statements of Solvac.

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 the future application of the standards and the interpretations on the accounts of the Solvay Group is detailed in its annual report.

Standards in force after the closing date of the financial year

Solvac did not anticipate application of new and amended standards and interpretations which come into force after December 31, 2018, namely:

• 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)
• 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)

• Amendments to references to the Conceptual Framework in IFRS standards (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
• Amendments to IFRS 3 *Business Combinations* (applicable for annual periods beginning on or after 1 January 2020, 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)
• Amendments to IAS 1 and IAS 8 *Definition of Material* (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
• 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)
• IFRIC 23 *Uncertainty over Income Tax Treatments* (applicable for annual periods beginning on or after 1 January 2019)

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

2. Consolidation

Since the Board of Directors believes that Solvac has a significant influence on Solvay, the shareholding in Solvay S.A. has been integrated into Solvac's consolidated financial statements using the equity method. This method takes into account the Solvac S.A. share in the financial statements of the Solvay Group, prepared on December 31 of the financial year using Solvay's IFRS accounting standards (cfr Solvay Annual Report). According to the equity method, a shareholding in an associated company is initially reported at cost in the consolidated statement of the financial situation, then it is adjusted later to account for the Group share in the net revenue and the other elements of the total revenue of the associated company.

3. Segment information

Given the nature of the holding company, there is no need to present segment or geographical information. The data on shareholding in Solvay is available in the Solvay S.A. financial statements.

4. Impairment of assets

At the end of each accounting year, the Group reviews the book value of its share for indications of the potential impairment of assets. If such indications exist, the recoverable value of the asset is estimated in order to establish the extent of any impairment loss.

5. Financial instruments

Bank loans

Bank loans and overdrafts are accounted for in the net amount received. Financial expenses, including any settlement or redemption premiums, are covered for the estimated period of availability.

Cash and cash equivalents

Cash and cash equivalent consist of cash and demand deposits, short-term investments (less than 3 months) and highly liquid investments readily convertible into known amounts of cash or subject to an insignificant risk of any change in value.

Other receivables

Other receivables follow a management model with the objective of collecting the contractual cash flows. They are measured at amortized cost, that is, the amount of initial recognition plus or minus accumulated amortization of any difference between this initial amount and the amount at maturity, and reduced by any impairment loss or non – recoverability.

The other receivables are recorded under “Current assets – short term receivables”.

6. Recognition of revenue

Revenue is recognized when it is likely to be acquired and as soon as its value can be reliably measured.
Interest earnings are recorded in the income statement on a pro rata basis taking account of the effective interest rate of the investment.

7. Estimates and significant judgements when applying an accounting method

Over and above the estimates and significant judgements made by Solvay when applying accounting methods (see Solvay’s Annual Report), the key estimate made by the Board of Directors on December 31, 2018 concerns the recoverable value of its holding in Solvay. An impairment test is performed if there is any indication that the investment may be impaired. The impairment test involves comparing the book value of the investment to its market value. In the event of a crisis on the market with excessive price volatility, reference may be made in addition to the “target prices” for Solvay shares, as estimated by financial analysts.

As of the close of the financial year, Solvac considers that there was no sign of a loss of value. Therefore, no investment impairment test was conducted.

Finally, the Board of Directors believes that Solvac has a significant influence and therefore consolidates the accounts of this group according to the equity method.

8. Risk management

Solvay underlying risk – The sole investment of Solvac being its investment in Solvay, the primary risks to which the Company is exposed are similar to those of Solvay. The financial situation and results of Solvac are influenced by the results of Solvay, either through the dividends received (financial statements) or through consolidation using the equity method (consolidated accounts).

Valuation risk - Solvac is exposed to market risk (changes in Solvay’s share price). Although the share price is subject to market volatility, the Board considers that in the long run, it constitutes a reliable indicator of valuation. The book value of the Solvay shares on the Solvac consolidated balance sheet is € 112.42 per share including goodwill (€ 82.73 in the statutory accounts).

Rate risk – Solvac is exposed to an interest rate risk resulting from bank loans at fixed rates for a total of € 150 million. The company monitors this risk through the periodic calculation of the fair market values of these loans.

Liquidity risk – Solvac is exposed to liquidity risk, particularly when it has to resort to short term bank loans. The short-term debt, moderate, has been increased compared to last year (€ 42 million at end 2018 against € 31 million at end 2017) and it was repaid as follows: € EUR 33 million at January 21, 2019 (when Solvay did its first dividend payment) and € 8.5 million in May 2019 (when Solvay pays the dividend balance). Not only is short-term debt of short duration, but furthermore on average over the year, the company experiences a situation of a positive average short-term cash position[1]. Therefore, the Board is confident of the ability of Solvac to raise the funds needed in the short term and repay them with the flow of dividend paid by Solvac.

Counterparty risk - This is the bank counterparty risk relating to cash deposits and available assets. The counterparties of Solvac are banks with a minimum rating of A.

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[1] The average net cash position is the sum of all short-term funding (-) , commercial paper investments (+) and cash on current account in the current year weighted by their respective duration.

Notes to the consolidated financial statements

(1) Investments in associates

Solvac holds a 30.71 % stake in Solvay. Nevertheless the percentage used in the consolidated statements is 31.52 % because the treasury shares held by Solvay are deducted from the total amount of shares representing the capital of Solvay. Solvay S.A. is a "société anonyme" under Belgian law and quoted on Euronext in Brussels and Paris. The Solvay Group is an international chemical group.

The value of the holding under the equity method amounts to € 3,655 million (of which € 343 million EUR is goodwill and € 3,312 million of value excluding goodwill). Based on the stock exchange price of December 31, 2018 the value amounts to € 2,839 million.

Changes in goodwill are as follows:

EUR million	2017	2018
Value at 1 January	343	343
Sold during the year	0	0
Acquired during the year	0	0
Value at 31 December	343	343

The changes in shareholding using the equity method excluding goodwill are as follows:

EUR million	2017	2018
Value at 1 January	3,057	3,033
Sold during the year	0	0
Acquired during the year	0	0
Result	334	270
Distribution	-114	-119
Currency translation and fair value differences	-204	63
Change in consolidation scope and others	-39	-29
Hybrid loan	0	94
Value at 31 December	3,033	3,312

In 2017 and 2018, Solvac has not acquired any Solvay shares.

In 2018, the share of Solvac in the net income of the Solvay Group, excluding minority interests, amounted to € 270 million (2017: € 334 million). In 2018, the share of Solvac in the results from discontinued operations amounted to € 63 million (2017: € 76 million).

The value of the investment at December 31 corresponds to Solvay's equity listed in "Solvay Shareholders" [1] multiplied by the holding percentage (31,52 % in 2018 and 31.47% in 2017).

[1] This is the equity of Solvay reduced by the non-controlling interests.

The condensed consolidated financial statements of the Solvay Group are the following:

EUR million	2017	2018
Financial position		
Non-current assets	**15,394**	**15,426**
Current assets	**6,057**	**6,574**
Cash and cash equivalents	992	1,103
Assets	**21,451**	**22,000**
Equity	**9,752**	**10,624**
Solvay stock holders	9,639	10,507
Non-controlling interests	113	117
Non-current liabilities	**7,571**	**7,474**
Long term financial debt	3,182	3,180
Current liabilities	**4,128**	**3,902**
Short term financial debt	1,044	630
Equity and liabilities	**21,451**	**22,000**
Income statement		
Sales	10,125	10,257
Result from continuing operations	**875**	**697**
Result from discontinued operations	241	200
Net income for the year	**1,116**	**897**
Non controlling interests	-55	-39
Net income (Solvay share)	**1,061**	**858**
Comprehensive income		
Other comprenhensive income	**-684**	**204**
Total comprehensive income	**433**	**1,101**
Dividends received	**114**	**119**

(2) Long-term debt

Debts with a maturity of more than one year have decreased compared to 2017 and amount to € 150 million (loans from BNP Paribas Fortis) as of December 31, 2018. This represents the structural indebtedness of Solvac: a loan of € 50 million (maturing in 2022; fixed rate of 2.90%) and a loan of € 50 million (maturing in 2023; fixed rate of 1.50%) and a loan of € 50 million (maturing in 2025; fixed rate of 2.75%). The interest on loans longer than one year amounted to € 4 million for the financial year 2018.

(3) Net earnings per share

The net earnings per share and diluted net earnings per share are identical. The number of Solvac shares was 21,375,033 at the end of 2018 (21,375,033 at the end of 2017).

(4) Total income

The primary changes are related to the assessment of the obligations under defined employee benefit plans in accordance with the revised IAS 19 and conversion differences related to Solvay, investments accounted for under equity method.

(5) Short-term borrowing

Short-term borrowing increased with € 11 million compared to 2017. Short term financial debt at 31 December 2018 consists of a "Straight Loan" contracted on December 27, 2018 for an amount of € 41.5 million (maturing at January 21, 2018 for € 33 million and at May 23, 2019 for € 8.5 million) to finance the 2018 final dividend paid on December 28, 2018. The « Straight Loan » in the balance sheet at December 31, 2017 (€ 31 million) had a maturity date at January 22, 2018.

(6) Dividends paid

The dividends paid (€ 5.22 gross per share, compared to EUR 5.02 per share in 2017) during the period amounted to € 112 million including the interim 2018 dividend paid on August 24, 2018 (€ 64 million) and the second installment of the 2018 dividend paid on December 28, 2018 (€ 47 million).

(7) Short-term receivables

This primarily consists of the interim dividend to be received from Solvay in January 2019.

(8) Equity

Total equity amounts to € 3,493 million. It was mostly impacted during financial year 2018 by:
- the payment of the two interim dividends of € 5.22 gross per share (€ 5.02 gross per share in 2017), for a total amount of € 112 million;
- the share in certain items of the total income coming from Solvay (€ 68 million relating to conversion rate differences and actuarial gains from the pension plans for € 7 million net of taxes);
- the impact of Solvay’s hybrid bond for € 94 million, and
- the consolidated income of the period of € 265 million.

Reference is made to the proposal of beneficiary allocation that will be presented in the annual management report.

(9) Treasury shares

In 2018, Solvac did not acquire any treasury shares.

(10) Financial instruments

EUR million	2017 Net carrying amount	2017 Fair value	2018 Net carrying amount	2018 Fair value
Receivables (including cash and cash equivalents)	45	45	48	48
Financial liabilities measured at amortized cost (includes trade liabilities)	208	214	210	214

In order to reflect the importance of the data used when estimating fair market value, Solvac classifies these valuations according to a hierarchy consisting of the following levels:

• level 1: the prices (non adjusted) quoted on the securities markets for identical assets or liabilities;

• level 2: data other than the prices quoted at level 1 which are observable for the asset or liability concerned, either directly (namely, prices) or indirectly (namely data derived from prices);

• level 3: data relating to the asset or liability which are not based on the observable data of the market (non-observable data).

For receivables, book value is a good approximation of fair market value. With regard to financial liabilities at an amortised cost, the net book value of the long-term financial debt (€ 150 million, see note 2) is less than their fair value (estimated at € 154 million). The fair market value of the fixed interest debt was calculated using the Discounted Cash Flow method. The net book value of other financial liabilities is a good approximation of their fair market value. Thus, the determined fair market values are categorised as Level 2 in the fair market value hierarchy.

(11) Change of financial liabilities

The tables below mention the reconciliations in 2018 and 2017 between the financial debts included in the consolidated balance sheet and the amounts from the consolidated statement of cash flows:

EUR million	At 1 January 2018	Cash flow variation	At 31 December 2018
Long term financial debt	160	-10	150
Short term financial debt	31	11	42
Total	**191**	**1**	**192**

The cash flow variation mentioned in the table here below reconciles with the consolidated statement of cash flows as follows:

EUR million	At 31 December 2018
Cash flow variation	**1**
Of which : increase in borrowing	92
repayment of borrowing	-91

For the year 2017, the reconciliation between the consolidated financial debts and the flows from the cash flow statement was as follows :

EUR million	At 1 January 2017	Cash flow variation	At 31 December 2017
Long term financial debt	160	0	160
Short term financial debt	33	-2	31
Total	**193**	**-2**	**191**

The cash flow variation mentioned in the table here below reconciled with the consolidated statement of cash flows as follows:

EUR million	At 31 December 2017
Cash flow variation	**-2**
Of which : increase in borrowing	31
repayment of borrowing	-33

(12) Relationships with directors of the consolidating company

Compensation and pensions: from early 2014, the directors have been paid a gross appearance fee of € 2,000 per meeting for each Director and a gross fee of € 4,000 per meeting for the Chairman of the Board.

Advances and loans provided by the consolidating company or by an affiliated company: the current account with Solvay S.A. (zero balance in 2018 and 2017) is compensated at the Solvay Group’s internal financing rate.

(13) Off-balance sheet rights and commitments

Real coverage by the company on its own assets: collateralisation of 2.700.119 Solvay shares in favour of

- BNP Paribas Fortis 2.125.119 shares for a sum of € 186 million
- KBC 575.000 shares for a sum of € 50 million.

(14) List of consolidated companies

The Solvay Group is consolidated using the equity method.

(15) Reconciliation between cash revenue and consolidated net income for the years 2017 and 2018

EUR million	2017	2018
Cash revenue	***112.1***	***117.1***
Operating result	*-1.2*	*-1.4*
Cost of borrowings	*-4.2*	*-3.9*
Other financial charges and income	*0.0*	*0.0*
Cash revenue	***106.7***	***111.8***
Minus Solvay dividend received in January 2017 and January 2018, recorded in the net income of year 2016 and 2017, respectively	*-42.9*	*-44.9*
Plus Solvay dividend received in January 2018 and January 2019, recorded in the net income of year 2017 et 2018, respectively	44.9	46.8
Taxes	0.0	0.0
Cancellation of Solvay dividends, reversed in consolidation	*-114.1*	*-119.0*
Share of Solvay net result during the year	*333.8*	*270.4*
Net income Solvac - Consolidated financial statement	***328.4***	***265.1***