First Nine Months 2020 Results
Financial report

Progress beyond

SOLVAY

Forenote

Besides IFRS accounts, Solvay also presents alternative performance indicators to provide a more consistent and comparable indication of the Group's underlying financial performance and financial position, as well as cash flows. These indicators provide a balanced view of the Group's operations and are considered useful to investors, analysts and credit rating agencies as these measures provide relevant information on the Group's past or future performance, position or cash flows. These indicators are generally used in the sector it operates in and therefore serve as a useful aid for investors to compare the Group's performance with its peers. The underlying performance indicators adjust IFRS figures for the non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions, for the coupons of perpetual hybrid bonds, classified as equity under IFRS but treated as debt in the underlying statements, for impairments and for other elements that would distort the analysis of the Group's underlying performance. The comments on the results made on pages 3 to 9 are on an underlying basis, unless otherwise stated.

Underlying business review

Highlights

- **Net Sales** were €6,751 million in 9 months 2020, down 11.9% organically due to lower volumes primarily in aero, auto, oil & gas and construction markets. Third quarter sales of €2,103 million were down 14.3% organically versus 3Q 2019, with some demand improvement in September.
- **Cost savings** reached €260 million year to date, of which €130 million is structural, with €90 million of savings achieved in Q3.
- **Underlying EBITDA** for nine months was €1,481 million, down 16% organically versus 9M 2019. EBITDA in the third quarter 2020 of €473 million was up sequentially by 7.7% versus Q2 and the decline was contained to 17% organically versus Q3 2019 as cost reductions and sustained pricing significantly offset volume declines. **EBITDA margin** improved to 22.5%, illustrating the quality of earnings.
- **Underlying Net Profit** was €522 million in 9M 2020, with €176 million in the third quarter.
- Strong **Free Cash Flow** of €801 million year to date was more than double the prior year period, with €366 million delivered in the third quarter. The strong performance was predominantly driven by disciplined working capital management and value creation initiatives and contributed favorably to debt deleveraging.
- An **interim dividend** of €1.50 gross per share, flat versus last year, will be payable on January 18, 2021, reflecting the high level of free cash flow generated in 2020.

Q3 2020	Q3 2019	*% yoy*	*% organic*	*Underlying, (in € million)*	9M 2020	9M 2019	*% yoy*	*% organic*
2,103	2,578	*-18.4%*	*-14.3%*	**Net sales**	6,751	7,803	*-13.5%*	*-11.9%*
473	601	*-21.4%*	*-17.3%*	**EBITDA**	1,481	1,796	*-17.5%*	*-16.0%*
22.5%	23.3%	*-0.8pp*	-	**EBITDA margin**	21.9%	23.0%	*-1.1pp*	-
366	313	*+17.1%*	-	**FCF to shareholders from continuing operations**	801	345	*n.m.*	-
54.8%	35.3%	*+19.5pp*	-	**FCF conversion ratio (LTM)**	-	-	-	-

CEO Quote

"Our relentless focus on cash and cost in this challenging environment resulted in record cash generation of €801 million through the nine month period. Actions taken across the organization to reduce costs strengthened delivery with higher Q3 EBITDA relative to the second quarter despite the continued headwinds in some key end markets. I would like to thank our employees for their mobilization that delivered the strong performance. We have selectively resumed investments and are working closely with our customers to commercialize new innovations," said CEO Ilham Kadri.

Outlook [1] for 2020

Full Year underlying EBITDA is estimated to be between €1,890 million and €1,970 million, and FCF is estimated to be around €900 million, a 50% improvement relative to last year.

[1] Barring further deterioration related to the second wave of Covid-19.

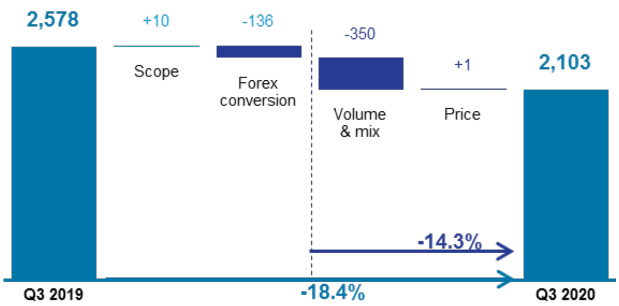
Key figures

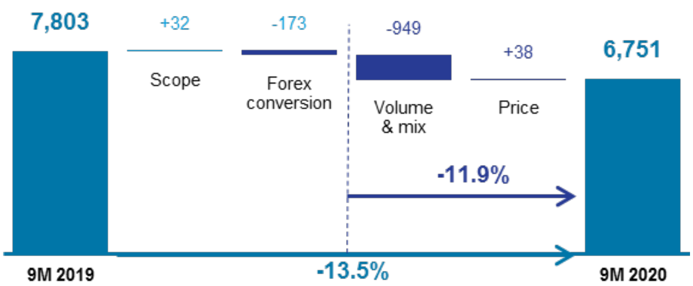
Underlying key figures

(in € million)	Q3 2020	Q3 2019	% yoy	9M 2020	9M 2019	% yoy
Net sales	**2,103**	**2,578**	***-18.4%***	**6,751**	**7,803**	***-13.5%***
EBITDA	**473**	**601**	***-21.4%***	**1,481**	**1,796**	***-17.5%***
EBITDA margin	*22.5%*	*23.3%*	*-0.8pp*	*21.9%*	*23.0%*	*-1.1pp*
EBIT	**277**	**397**	***-30.1%***	**850**	**1,197**	***-29.0%***
Net financial charges	(71)	(80)	*+10.2%*	(204)	(246)	*+17.0%*
Income tax expenses	(20)	(61)	*+66.4%*	(119)	(231)	*+48.5%*
Tax rate				*20%*	*26%*	*-6.3pp*
Profit (loss) from discontinued operations	(1)	59	*n.m.*	20	222	*n.m.*
(Profit) / loss attributable to non-controlling interests	(8)	(11)	*-29.9%*	(26)	(31)	*-17.0%*
Profit / (loss) attributable to Solvay shareholders	**176**	**304**	***-41.9%***	**522**	**911**	***-42.8%***
Basic earnings per share (in €)	**1.71**	**2.95**	***-41.9%***	**5.06**	**8.84**	***-42.8%***
of which from continuing operations	1.71	2.37	*-27.9%*	4.86	6.68	*-27.2%*
Capex in continuing operations	**(116)**	**(215)**	***+46.2%***	**(411)**	**(570)**	***+28.0%***
FCF to Solvay shareholders from continuing operations	**366**	**313**	***+17.1%***	**801**	**345**	***n.m.***
FCF to Solvay shareholders	365	336	*+8.8%*	796	527	*+51.1%*
FCF conversion ratio (LTM)	54.8%	35.3%	*+19.5pp*			
Net financial debt	**(4,279)**			**(4,279)**		
Underlying leverage ratio	*2.1*			*2.1*		

Group performance

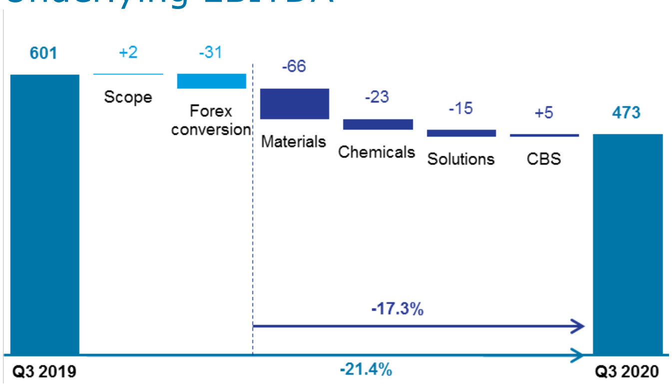
Net sales

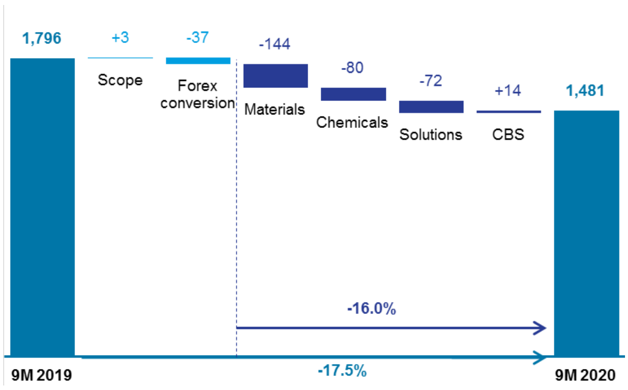




Net sales for nine months year to date were down 13.5% (11.9% organically) driven by volumes, while pricing was sustained across the group. Sales in the third quarter were down 18.4% (14.3% organically) primarily due to lower volumes and foreign exchange. Demand in the third quarter remained low in July and August, whereas September showed some improvement in certain automotive applications, including tires and EV batteries. Other markets remained resilient, including electronics, healthcare, home & personal care, agro, and coatings, while civil aerospace and oil & gas remained challenged.

Underlying EBITDA



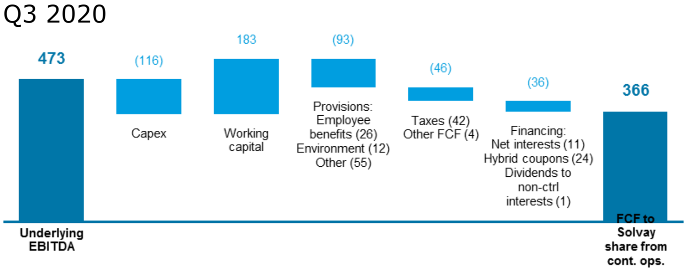


Cost savings reached €260 million year to date, of which €130 million are structural savings. In the third quarter, a total of €90 million of cost savings were realized, of which €50 million are structural. Within the structural savings, approximately 50% are related to restructuring actions, 40% from indirect spend, and 10% from productivity and efficiency improvements.

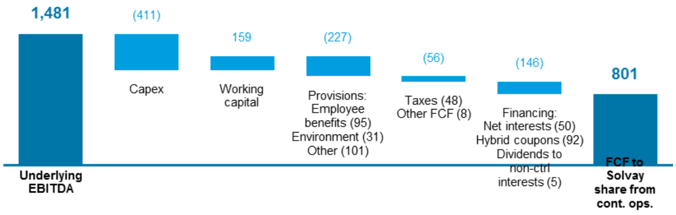
Underlying EBITDA of €1,481 million was down 17.5% (16% organically) in the nine months year to date as a result of the lower sales volumes. Underlying EBITDA in the third quarter of €473 million increased sequentially by 7.7% versus the second quarter 2020, reflecting improvement in the quality of earnings. Underlying EBITDA declined 21.4% (17.3% organically) in the third quarter 2020 versus the third quarter 2019 due mainly to volumes and foreign exchange impact. The EBITDA margin improved to 22.5%, which is a sequential improvement compared to the 20.2% in the second quarter thanks to the acceleration and delivery of cost measures.

Free cash flow

Q3 2020



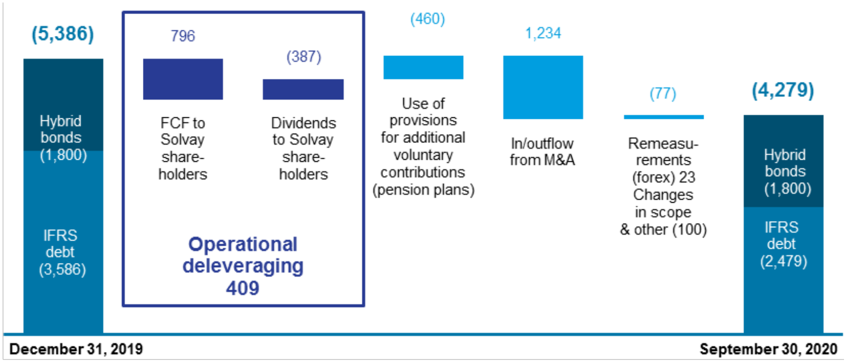
9M 2020



Free cash flow to shareholders from continuing operations in the nine months year to date period reached €801 million versus €345 million in 9 month 2019. Free cash flow to Solvay shareholders from continuing operations totalled €366 million in the third quarter, reflecting the continued discipline in working capital management and other value creating elements including reduced cash taxes and pension cash costs totaling €105 million of sustainable operational deleveraging.

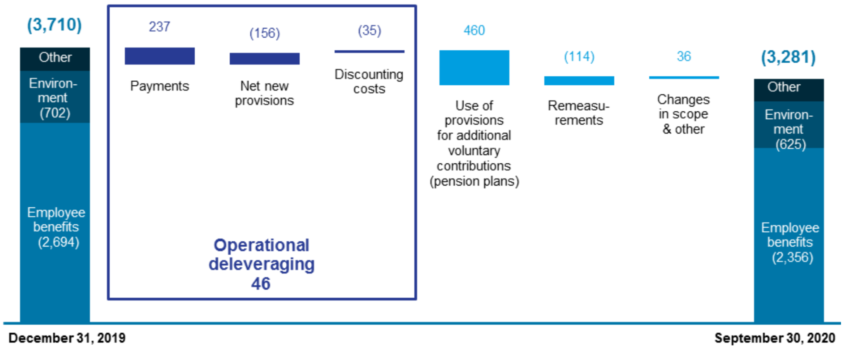
Underlying net debt

Underlying net financial debt decreased by €1.1 billion for the nine months year to date, driven by the closing of the Polyamides sale in the first quarter (€1.2 billion proceeds less voluntary pension contributions of €0.5 billion) and a record free cash flow. Net debt decreased by €350 million at the end of September 2020 (vs the end of June) to €4.3 billion.



Provisions

Provisions are down by €429 million to €3.3 billion thanks primarily to the €460 million voluntary pension contributions made in the first quarter of 2020 (in addition to the €114m contributions made in December 2019) and to a lesser extent the reduction of environmental liabilities driven mainly by foreign exchange.



Performance by segments

Net sales bridges

(in € million)	9M 2019	Scope	Forex conversion	Volume & mix	Price	9M 2020
Solvay	**7,803**	**32**	**(173)**	**(949)**	**38**	**6,751**
Materials	2,452	-	(10)	(373)	7	2,076
Chemicals	2,512	32	(114)	(282)	35	2,184
Solutions	2,834	-	(49)	(294)	(4)	2,487
CBS	5	-	-	(1)	-	5

(in € million)	Q3 2019	Scope	Forex conversion	Volume & mix	Price	Q3 2020
Solvay	**2,578**	**10**	**(136)**	**(350)**	**1**	**2,103**
Materials	818	-	(28)	(184)	(1)	606
Chemicals	845	10	(62)	(78)	10	725
Solutions	912	-	(46)	(88)	(9)	770
CBS	2	-	-	(1)	-	1

Materials

Nine months 2020 sales were down 15.4% (15.0% organically) as a result of volume declines predominantly in the second and third quarters. Nine month EBITDA was down 20.4% (20.4% organically) with swift cost actions mitigating part of the volume decline, protecting the segment’s 27.0% margins.

Third quarter net sales were down 26.0% in the segment, including forex, and down 23.4% organically due to significantly lower volumes, primarily related to demand in the civil aerospace and automotive sectors.

Specialty Polymers sales were down 13.6% in the third quarter, as growth in healthcare and electronics partly offset the demand decline in automotive and other industrial markets. Sales to automotive were down approximately 20% versus Q3 2019 but flat sequentially versus Q2 2020 thanks to growth in batteries for hybrid and electric vehicles which resumed in September.

Composite Materials sales were down 44.3% in the third quarter given the further decline in commercial aircrafts build rates, while sales to the defense sector remained resilient. The business remains on track to deliver its cost savings plan which includes the permanent closure of two manufacturing sites.

As a result, third quarter EBITDA for the segment decreased 30.7% (28.9% organically) driven by volumes. The rapid mitigation response enabled significant fixed cost reduction in the segment which supported an EBITDA margin of 26.6%.

Chemicals

Nine months 2020 sales in the segment were down 13.1% (10.2% organically) due primarily to volume declines, offset partly by price. Nine months 2020 EBITDA was down 14.9% (11.7% organically), as cost mitigation measures supported much of the volume shortfall and preserved 27.8% EBITDA margins.

Third quarter net sales were down 14.2% in the segment including forex and scope, and down 8.5% organically due mainly to lower volumes.

In Soda Ash, sales were down 17.1% driven by lower demand for container glass used in the hospitality industry, which offset increased demand for flat glass used in construction.

Peroxides sales were down by 8.6% in the quarter mainly related to lower volumes in pulp and paper markets, which was partially offset by growth in HPPO to various industrial markets, and further supported by price.

Silica sales rebounded significantly following a low Q2, with sales down 13.6% versus Q3 2019 but up sequentially by 48% versus a low Q2 2020 as demand for tires improved throughout the quarter. Coatis sales also increased sequentially by 29% versus Q2 2020, but were down 12.8% versus Q3 2019 due to volume reduction and currency devaluation.

Third quarter EBITDA in the segment declined 16.7% (10.4% organically) as a result of the lower volumes. Fixed cost reductions and price support mitigated much of the impact, leading to 27.7% EBITDA margins in the quarter.

Solutions

Nine months sales in the segment were down 12.2% (10.7% organically) due to volume declines largely driven by the challenges in oil & gas. EBITDA was down 16.3% (14.3% organically) while supportive cost measures helped to sustain an EBITDA margin of 17.3%.

Third quarter net sales were down 15.6% including forex, and down 11.1% organically.

Sales in Novecare in Q3 were down 16.8%, as growth in agro, home & personal care and coatings was able to offset a significant part of the oil & gas decline.

Technology Solutions sales were down 16.5% due to low volumes in mining. Special Chem sales dropped by 16.5% related to volume declines in automotive and other industrial applications, whereas electronics remained resilient. Aroma Performance sales decreased by 7.6% following several quarters of strong growth, as demand for vanillin was not able to offset weakness in other industrial markets.

Third quarter EBITDA in the segment was down 15.3% (9.8% organically). Cost control actions and price drove an increase in EBITDA margin of 18.4% in Q3 despite the lower volumes.

Portfolio update

In line with our GROW strategy, Solvay began the process of exploring options to sell certain business lines. To date, agreements[1] have been reached to sell our interests in a few business lines, including the sodium chlorate business and related assets in Portugal (part of Peroxides), certain fluorine chemicals and our site in Korea (part of Special Chem) and most recently the process materials product line (part of Composites). Solvay will continue to explore other opportunities to further simplify its portfolio.

[1] All signed agreements are subject to applicable legal and social consultation in the respective countries.

Key segment figures

Segment review			Underlying					
(in € million)	Q3 2020	Q3 2019	% yoy	% organic	9M 2020	9M 2019	% yoy	% organic
Net sales	**2,103**	**2,578**	***-18.4%***	***-14.3%***	**6,751**	**7,803**	***-13.5%***	***-11.9%***
Materials	606	818	*-26.0%*	*-23.4%*	2,076	2,452	*-15.4%*	*-15.0%*
Specialty Polymers	423	489	*-13.6%*	-	1,365	1,478	*-7.7%*	-
Composite Materials	183	329	*-44.3%*		711	974	*-27.0%*	-
Chemicals	725	845	*-14.2%*	*-8.5%*	2,184	2,512	*-13.1%*	*-10.2%*
Soda Ash & Derivatives	350	423	*-17.1%*	-	1,090	1,250	*-12.7%*	-
Peroxides	157	172	*-8.6%*	-	478	515	*-7.1%*	-
Coatis	119	136	*-12.8%*	-	338	407	*-16.9%*	-
Silica	99	115	*-13.6%*	-	277	340	*-18.7%*	-
Solutions	770	912	*-15.6%*	*-11.1%*	2,487	2,834	*-12.2%*	*-10.7%*
Novecare	363	436	*-16.8%*	-	1,183	1,390	*-14.8%*	-
Special Chem	174	209	*-16.5%*	-	554	651	*-14.9%*	-
Technology Solutions	132	159	*-16.5%*	-	414	474	*-12.7%*	-
Aroma Performance	101	109	*-7.6%*	-	336	319	*+5.2%*	-
Corporate & Business Services	1	2	*-33.8%*	-	5	5	*-10.6%*	-
EBITDA	**473**	**601**	***-21.4%***	***-17.3%***	**1,481**	**1,796**	***-17.5%***	***-16.0%***
Materials	161	233	*-30.7%*	*-28.9%*	560	703	*-20.4%*	*-20.4%*
Chemicals	201	241	*-16.7%*	*-10.4%*	606	713	*-14.9%*	*-11.7%*
Solutions	142	168	*-15.3%*	*-9.8%*	429	513	*-16.3%*	*-14.3%*
Corporate & Business Services	(31)	(40)	*+21.6%*	-	(114)	(132)	*+13.9%*	-
EBITDA margin	***22.5%***	***23.3%***	***-0.8pp***	**-**	***21.9%***	***23.0%***	***-1.1pp***	**-**
Materials	*26.6%*	*28.4%*	*-1.8pp*	-	*27.0%*	*28.7%*	*-1.7pp*	-
Chemicals	*27.7%*	*28.5%*	*-0.8pp*	-	*27.8%*	*28.4%*	*-0.6pp*	-
Solutions	*18.4%*	*18.4%*	*+0.1pp*	-	*17.3%*	*18.1%*	*-0.8pp*	-

Key IFRS figures

As announced on June 24, 2020, a non-cash impairment charge of €1.46 billion was recorded in Q2 2020. As a result, the underlying profit/(loss) attributable to Solvay shareholders in 9M 2020 was €522 million, whereas it totaled €(1,038) million on an IFRS basis. Further details are available in the Q2 financial report.

9M key figures	IFRS			Underlying		
(in € million)	9M 2020	9M 2019	*% yoy*	9M 2020	9M 2019	*% yoy*
Net sales	**6,751**	**7,803**	***-13.5%***	**6,751**	**7,803**	***-13.5%***
EBITDA	**1,335**	**1,707**	***-21.8%***	**1,481**	**1,796**	***-17.5%***
EBITDA margin				*21.9%*	*23.0%*	*-1.1pp*
EBIT	**(852)**	**114**	***n.m.***	**850**	**1,197**	***-29.0%***
Net financial charges	(112)	(175)	*+36.2%*	(204)	(246)	*+17.0%*
Income tax expenses	(207)	(7)	*n.m.*	(119)	(231)	*+48.5%*
Tax rate				*20%*	*26%*	*-6.3pp*
Profit (loss) from discontinued operations	158	208	*-24.0%*	20	222	*n.m.*
(Profit) / loss attributable to non-controlling interests	(26)	(31)	*-16.4%*	(26)	(31)	*-17.0%*
Profit / (loss) attributable to Solvay shareholders	**(1,038)**	**110**	***n.m.***	**522**	**911**	***-42.8%***
Basic earnings per share (in €)	**(10.07)**	**1.06**	***n.m.***	**5.06**	**8.84**	***-42.8%***
of which from continuing operations	(11.60)	(0.96)	*n.m.*	4.86	6.68	*-27.2%*
Capex in continuing operations				**(411)**	**(570)**	***+28.0%***
FCF to Solvay shareholders from continuing operations				**801**	**345**	***n.m.***
FCF to Solvay shareholders				796	527	*+51.1%*
Net financial debt	**(4,279)**			**(4,279)**		
Underlying leverage ratio				*2.1*		

Q3 key figures	IFRS			Underlying		
(in € million)	Q3 2020	Q3 2019	*% yoy*	Q3 2020	Q3 2019	*% yoy*
Net sales	**2,103**	**2,578**	***-18.4%***	**2,103**	**2,578**	***-18.4%***
EBITDA	**451**	**591**	***-23.7%***	**473**	**601**	***-21.4%***
EBITDA margin				*22.5%*	*23.3%*	*-0.8pp*
EBIT	**262**	**(492)**	***n.m.***	**277**	**397**	***-30.1%***
Net financial charges	(39)	(62)	*+36.2%*	(71)	(80)	*+10.2%*
Income tax expenses	(4)	120	*n.m.*	(20)	(61)	*+66.4%*
Profit (loss) from discontinued operations	42	58	*-28.0%*	(1)	59	*n.m.*
(Profit) / loss attributable to non-controlling interests	(8)	(11)	*-28.9%*	(8)	(11)	*-29.9%*
Profit / (loss) attributable to Solvay shareholders	**252**	**(387)**	***n.m.***	**176**	**304**	***-41.9%***
Basic earnings per share (in €)	**2.44**	**(3.76)**	***n.m.***	**1.71**	**2.95**	***-41.9%***
of which from continuing operations	2.04	(4.32)	*n.m.*	1.71	2.37	*-27.9%*
Capex in continuing operations				**(116)**	**(215)**	***+46.2%***
FCF to Solvay shareholders from continuing operations				**366**	**313**	***+17.1%***
FCF to Solvay shareholders				365	336	*+8.8%*
FCF conversion ratio (LTM)				54.8%	35.3%	*+19.5%*
Net financial debt	**(4,279)**			**(4,279)**		
Underlying leverage ratio				*2.1*		

Supplementary information

Reconciliation of alternative performance metrics

Solvay measures its financial performance using alternative performance metrics, which can be found below. Solvay believes that these measurements are useful for analyzing and explaining changes and trends in its historical results of operations, as they allow performance to be compared on a consistent basis. Definitions of the different metrics presented here are included in the glossary at the end of this financial report.

Tax rate		Underlying	
(in € million)		9M 2020	9M 2019
Profit / (loss) for the period before taxes	a	646	951
Earnings from associates & joint ventures	b	55	71
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	c	(18)	(16)
Income taxes	d	(119)	(231)
Tax rate	e = -d/(a-b-c)	**20%**	**26%**

Free cash flow (FCF)					
(in € million)		Q3 2020	Q3 2019	9M 2020	9M 2019
Cash flow from operating activities	a	495	582	888	1,295
of which additional voluntary contribution related to pension plans	b	-	-	(460)	-
Cash flow from investing activities	c	(115)	(253)	880	(631)
of which capital expenditures required by share sale agreement	d	-	(15)	(14)	(44)
Acquisition (-) of subsidiaries	e	(2)	(2)	(11)	(4)
Acquisition (-) of investments - Other	f	(13)	(12)	(39)	(15)
Loans to associates and non-consolidated companies	g	(5)	2	(1)	4
Sale (+) of subsidiaries and investments	h	(2)	(11)	1,302	(18)
Recognition of factored receivables	i	(22)	(23)	(22)	(23)
Increase/decrease of borrowings related to environmental remediation	j	2	-	8	-
Payment of lease liabilities	k	(27)	(29)	(80)	(79)
FCF	l = a-b+c-d-e-f-g-h-i+j+k	**401**	**362**	**942**	**684**
FCF from discontinued operations	m	(1)	23	(5)	182
FCF from continuing operations	n = l-m	**402**	**339**	**947**	**502**
Net interests paid	o	(11)	(26)	(50)	(65)
Coupons paid on perpetual hybrid bonds	p	(24)	-	(92)	(87)
Dividends paid to non-controlling interests	q	(1)	-	(5)	(4)
FCF to Solvay shareholders	r = l+o+p+q	**365**	**336**	**796**	**527**
FCF to Solvay shareholders from discontinued operations	s	(1)	23	(5)	182
FCF to Solvay shareholders from continuing operations	t = r-s	**366**	**313**	**801**	**345**
FCF to Solvay shareholders from continuing operations (LTM)	u	**1,063**	**784**		
Dividends paid to non-controlling interests from continuing operations (LTM)	v	(38)	(38)		
Underlying EBITDA (LTM)	w	2,007	2,327		
FCF conversion ratio (LTM)	x = (u-v)/w	**54.8%**	**35.3%**		

Capital expenditure (capex)					
(in € million)		Q3 2020	Q3 2019	9M 2020	9M 2019
Acquisition (-) of tangible assets	a	(69)	(195)	(302)	(502)
Acquisition (-) of intangible assets	b	(20)	(27)	(61)	(81)
Payment of lease liabilities	c	(27)	(29)	(80)	(79)
Capex	d = a+b+c	**(116)**	**(251)**	**(443)**	**(662)**
Capex in discontinued operations	e	-	(37)	(33)	(92)
Capex in continuing operations	f = d-e	**(116)**	**(215)**	**(411)**	**(570)**
Underlying EBITDA	g	**473**	**601**	**1,481**	**1,796**
Cash conversion	h = (f+g)/g	**75.6%**	**64.3%**	**72.3%**	**68.2%**

Net working capital *(in € million)*		2020 September 30	2019 December 31
Inventories	a	1,301	1,587
Trade receivables	b	1,265	1,414
Other current receivables	c	567	628
Trade payables	d	(1,056)	(1,277)
Other current liabilities	e	(680)	(792)
Net working capital	f = a+b+c+d+e	**1,397**	**1,560**
Sales	g	2,270	2,710
Annualized quarterly total sales	h = 4*g	9,079	10,841
Net working capital / sales	i = f / h	**15.4%**	**14.4%**
Year-to-date average	j = μ(Q1,Q2,Q3,Q4)	15.8%	15.3%

Net financial debt (in € million)		2020 September 30	2019 December 31
Non-current financial debt	a	(3,286)	(3,382)
Current financial debt	b	(459)	(1,132)
IFRS gross debt	c = a+b	(3,745)	(4,513)
Underlying gross debt	d = c+h	(5,545)	(6,313)
Other financial instruments	e	162	119
Cash & cash equivalents	f	1,104	809
Total cash and cash equivalents	g = e+f	1,266	928
IFRS net debt	i = c+g	**(2,479)**	**(3,586)**
Perpetual hybrid bonds	h	(1,800)	(1,800)
Underlying net debt	j = i+h	**(4,279)**	**(5,386)**
Underlying EBITDA (LTM)	k	2,007	2,322
Adjustment for discontinued operations	l	-	366
Adjusted underlying EBITDA for leverage calculation	m = k+l	2,007	2,688
Underlying leverage ratio		**2.1**	**2.0**

As net debt at the end of 2019 does not yet reflect the net proceeds to be received on the divestment of discontinued operations, whereas the underlying EBITDA excludes the contribution of discontinued operations, the underlying EBITDA is adjusted to calculate the leverage ratio. Polyamide’s underlying EBITDA was added.

Reconciliation of underlying income statement indicators

Besides IFRS accounts, Solvay also presents underlying Income Statement performance indicators to provide a more consistent and comparable indication of Solvay's economic performance. These figures adjust IFRS figures for the non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions, for the coupons of perpetual hybrid bonds classified as equity under IFRS but treated as debt in the underlying statements, and for other elements to generate a measure that avoids distortion and facilitates the appreciation of performance and comparability of results over time.

Consolidated income statement Q3	Q3 2020			Q3 2019		
(in € million)	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales	**2,270**	**-**	**2,270**	**2,777**	**-**	**2,777**
of which revenues from non-core activities	167	-	167	199	-	199
of which net sales	2,103	-	2,103	2,578	-	2,578
Cost of goods sold	(1,670)	-	(1,670)	(2,030)	-	(2,029)
Gross margin	**600**	**-**	**600**	**748**	**-**	**748**
Commercial costs	(71)	-	(71)	(92)	-	(92)
Administrative costs	(215)	-	(215)	(225)	8	(218)
Research & development costs	(71)	1	(70)	(76)	1	(76)
Other operating gains & losses	(25)	40	15	(41)	46	5
Earnings from associates & joint ventures	7	11	19	27	2	29
Result from portfolio management & major restructuring	25	(25)	-	(827)	827	-
Result from legacy remediation & major litigations	12	(12)	-	(4)	4	-
EBITDA	**451**	**21**	**473**	**591**	**10**	**601**
Depreciation, amortization & impairments [1]	(189)	(6)	(196)	(1,084)	879	(205)
EBIT	**262**	**15**	**277**	**(492)**	**889**	**397**
Net cost of borrowings	(28)	-	(28)	(45)	13	(31)
Coupons on perpetual hybrid bonds	-	(23)	(23)	-	(24)	(24)
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	(8)	(8)	-	(7)	(7)
Cost of discounting provisions	(14)	(1)	(15)	(18)	-	(17)
Result from equity instruments measured at fair value through other comprehensive income	2	-	2	-	-	-
Profit / (loss) for the period before taxes	**223**	**(17)**	**206**	**(554)**	**871**	**317**
Income taxes	(4)	(16)	(20)	120	(181)	(61)
Profit / (loss) for the period from continuing operations	**218**	**(33)**	**185**	**(434)**	**690**	**256**
Profit / (loss) for the period from discontinued operations	42	(43)	(1)	58	1	59
Profit / (loss) for the period	**260**	**(76)**	**184**	**(376)**	**691**	**315**
attributable to Solvay shareholders	252	(76)	176	(387)	691	304
attributable to non-controlling interests	8	-	8	11	-	11
Basic earnings per share (in €)	2.44	(0.73)	1.71	(3.76)	6.70	2.95
of which from continuing operations	2.04	(0.33)	1.71	(4.32)	6.69	2.37
Diluted earnings per share (in €)	2.44	(0.73)	1.71	(3.75)	6.69	2.94
of which from continuing operations	2.04	(0.33)	1.71	(4.31)	6.68	2.37

[1] The IFRS depreciation, amortization and impairments for Q3 2019 of €(1,084) million included an impairment of €(822) million for the Oil & Gas goodwill and intangible assets.

EBITDA on an IFRS basis totaled €451 million, versus €473 million on an underlying basis. The difference of €22 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €11 million in "*Earnings from associates & joint ventures*" for Solvay's share in the financial charges of the Rusvinyl joint venture and the foreign exchange losses on the €-denominated debt of the joint venture, following the 15% devaluation of the Russian ruble over the period. These elements are reclassified in "*Net financial charges*".
- €21 million to adjust for the "*Result from portfolio management and major restructuring*", excluding depreciation, amortization and impairment elements, mainly related to restructuring costs.
- €(12) million to adjust for the "*Result from legacy remediation and major litigations*", primarily indemnities for environmental remediation.

EBIT on an IFRS basis totaled €262 million, versus €277 million on an underlying basis. The difference of €15 million is explained by the above-mentioned €22 million adjustments at the EBITDA level and €(6) million of "*Depreciation, amortization & impairments*". The latter consist of:

- €41 million to adjust for the non-cash impact of purchase price allocation (PPA), consisting of amortization charges on intangible assets, which are adjusted in "*Research & development costs*" for €1 million, and in "*Other operating gains & losses*" for €40 million.
- €(46) million to adjust for the impact of impairments reported in "*Result from portfolio management and major restructuring*" resulting primarily from favorable exchange rate conversion effects and partial reversal of the impairment of certain Special Chem assets that was booked in Q2.

Net financial charges on an IFRS basis were €(39) million versus €(71) million on an underlying basis. The €(32) million adjustment made to IFRS net financial charges consists of:

- €(23) million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €(8) million reclassification of financial charges and realized foreign exchange result on the €-denominated debt of RusVinyl as net financial charges.
- €(1) million for the net impact of increasing discount rates on the valuation of environmental liabilities in the period.

Income taxes on an IFRS basis were €(4) million, versus €(20) million on an underlying basis. The €16 million adjustment includes mainly the tax effect of the adjustments above.

Discontinued operations generated a profit of €42 million on an IFRS basis and €(1) million on an underlying basis. This mainly relates to the divestment of the polyamide activities.

Profit / (loss) attributable to Solvay shareholders was €252 million on an IFRS basis and €176 million on an underlying basis. The delta of €(76) million reflects the above-mentioned adjustments to EBIT, net financial charges, income taxes and discontinued operations. There was no impact from non-controlling interests.

9M consolidated income statement	9M 2020			9M 2019		
(in € million)	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales	**7,296**	**-**	**7,296**	**8,517**	**-**	**8,517**
of which revenues from non-core activities	545	-	545	713	-	713
of which net sales	6,751	-	6,751	7,803	-	7,803
Cost of goods sold	(5,418)	1	(5,417)	(6,214)	1	(6,213)
Gross margin	**1,878**	**1**	**1,879**	**2,303**	**1**	**2,304**
Commercial costs	(234)	-	(234)	(286)	-	(286)
Administrative costs	(659)	12	(647)	(714)	24	(690)
Research & development costs	(222)	2	(220)	(236)	2	(234)
Other operating gains & losses	(108)	127	18	(106)	138	32
Earnings from associates & joint ventures	31	25	55	76	(4)	71
Result from portfolio management & major restructuring	(1,528)	1,528	-	(891)	891	-
Result from legacy remediation & major litigations	(9)	9	-	(31)	31	-
EBITDA	**1,335**	**146**	**1,481**	**1,707**	**89**	**1,796**
Depreciation, amortization & impairments [1]	(2,187)	1,556	(631)	(1,592)	993	(599)
EBIT	**(852)**	**1,702**	**850**	**114**	**1,083**	**1,197**
Net cost of borrowings	(84)	-	(84)	(108)	13	(95)
Coupons on perpetual hybrid bonds	-	(70)	(70)	-	(81)	(81)
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	(18)	(18)	-	(16)	(16)
Cost of discounting provisions	(31)	(4)	(35)	(71)	13	(58)
Result from equity instruments measured at fair value through other comprehensive income	3	-	3	4	-	4
Profit / (loss) for the period before taxes	**(964)**	**1,610**	**646**	**(61)**	**1,012**	**951**
Income taxes	(207)	88	(119)	(7)	(224)	(231)
Profit / (loss) for the period from continuing operations	**(1,171)**	**1,698**	**527**	**(68)**	**788**	**720**
Profit / (loss) for the period from discontinued operations	158	(138)	20	208	14	222
Profit / (loss) for the period	**(1,013)**	**1,560**	**547**	**140**	**802**	**942**
attributable to Solvay shareholders	(1,038)	1,560	522	110	802	911
attributable to non-controlling interests	26	-	26	31	-	31
Basic earnings per share (in €)	(10.07)	15.12	5.06	1.06	7.77	8.84
of which from continuing operations	(11.60)	16.46	4.86	(0.96)	7.64	6.68
Diluted earnings per share (in €)	(10.07)	15.12	5.06	1.06	7.76	8.82
of which from continuing operations	(11.60)	16.46	4.86	(0.95)	7.62	6.67

[1] The IFRS depreciation, amortization and impairments for 9m 2019 of €(1,592) million included an impairment of €(822) million for the Oil & Gas goodwill and intangible assets.

EBITDA on an IFRS basis totaled €1,335 million, versus €1,481 million on an underlying basis. The difference of €146 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €25 million in "*Earnings from associates & joint ventures*" for Solvay's share in the financial charges of the Rusvinyl joint venture and the foreign exchange losses on the €-denominated debt of the joint venture, following the 30% devaluation of the Russian ruble over the period. These elements are reclassified in "*Net financial charges*".
- €112 million to adjust for the "*Result from portfolio management and major restructuring*", excluding depreciation, amortization and impairment elements. This result comprises mainly €104 million restructuring charges for the efficiency measures announced on February 26, 2020 and the Composites restructuring plan announced on May 15, 2020.
- €9 million to adjust for the "*Result from legacy remediation and major litigations*", primarily environmental expenses.

EBIT on an IFRS basis totaled €(852) million, versus €850 million on an underlying basis. The difference of €1,702 million is explained by the above-mentioned €146 million adjustments at the EBITDA level and €1,556 million of "*Depreciation, amortization & impairments*". The latter consist of:

- €141 million to adjust for the non-cash impact of purchase price allocation (PPA), consisting of amortization charges on intangible assets, which are adjusted in "Cost of goods sold" for €1 million, in "*Administrative costs*" for €12 million, in "*Research & development costs*" for €2 million, and in "*Other operating gains & losses*" for €127 million.
- €1,416 million to adjust for the impact of impairments reported in "*Result from portfolio management and major restructuring*" as a result of the impairment tests undertaken during Q2 2020 to assess the consequences of the COVID-19 crisis on the Composite Materials, Technology Solutions and Oil & gas assets – See Q2 Financial Report for further details.

Net financial charges on an IFRS basis were €(112) million versus €(204) million on an underlying basis. The €(92) million adjustment made to IFRS net financial charges consists of:

- €(70) million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €(18) million reclassification of financial charges and realized foreign exchange result on the €-denominated debt of RusVinyl as net financial charges.
- €(4) million for the net impact of increasing discount rates on the valuation of environmental liabilities in the period.

Income taxes on an IFRS basis were €(207) million, versus €(119) million on an underlying basis. The €88 million adjustment includes mainly the tax effect of the adjustments of profit before taxes and valuation allowances on deferred tax assets on losses and other temporary differences.

Discontinued operations generated a profit of €158 million on an IFRS basis and €20 million on an underlying basis. The €(138) million adjustment to the IFRS profit relates to the expected capital gain after taxes (subject to customary post-closing purchase price adjustments) on the divestment of the polyamide activities.

Profit / (loss) attributable to Solvay shareholders was €(1,038) million on an IFRS basis and €522 million on an underlying basis. The delta of €1,560 million reflects the above-mentioned adjustments to EBIT, net financial charges, income taxes and discontinued operations. There was no impact from non-controlling interests.

Condensed consolidated financial statements[1]

Consolidated income statement (in € million)	IFRS Q3 2020	Q3 2019	9M 2020	9M 2019
Sales	**2,270**	**2,777**	**7,296**	**8,517**
of which revenues from non-core activities	167	199	545	713
of which net sales	2,103	2,578	6,751	7,803
Cost of goods sold	(1,670)	(2,030)	(5,418)	(6,214)
Gross margin	**600**	**748**	**1,878**	**2,303**
Commercial costs	(71)	(92)	(234)	(286)
Administrative costs	(215)	(225)	(659)	(714)
Research & development costs	(71)	(76)	(222)	(236)
Other operating gains & losses	(25)	(41)	(108)	(106)
Earnings from associates & joint ventures	7	27	31	76
Result from portfolio management & major restructuring [2]	25	(827)	(1,528)	(891)
Result from legacy remediation & major litigations	12	(4)	(9)	(31)
EBIT	**262**	**(492)**	**(852)**	**114**
Cost of borrowings	(29)	(37)	(87)	(110)
Interest on lendings & deposits	2	5	6	12
Other gains & losses on net indebtedness	(1)	(12)	(4)	(11)
Cost of discounting provisions	(14)	(18)	(31)	(71)
Result from equity instruments measured at fair value through other comprehensive income	2	-	3	4
Profit / (loss) for the period before taxes	**223**	**(554)**	**(964)**	**(61)**
Income taxes	(4)	120	(207)	(7)
Profit / (loss) for the period from continuing operations	**218**	**(434)**	**(1,171)**	**(68)**
attributable to Solvay shareholders	210	(445)	(1,197)	(99)
attributable to non-controlling interests	8	11	26	31
Profit / (loss) for the period from discontinued operations	42	58	158	208
Profit / (loss) for the period	**260**	**(376)**	**(1,013)**	**140**
attributable to Solvay shareholders	252	(387)	(1,038)	110
attributable to non-controlling interests	8	11	26	31
Weighted average of number of outstanding shares, basic	103,073,974	103,061,938	103,153,932	103,151,275
Weighted average of number of outstanding shares, diluted	103,073,974	103,234,813	103,164,084	103,359,445
Basic earnings per share (in €)	2.44	(3.76)	(10.07)	1.06
of which from continuing operations	2.04	(4.32)	(11.60)	(0.96)
Diluted earnings per share (in €)	2.44	(3.75)	(10.07)	1.06
of which from continuing operations	2.04	(4.31)	(11.60)	(0.95)

Consolidated statement of comprehensive income (in € million)	IFRS Q3 2020	Q3 2019	9M 2020	9M 2019
Profit / (loss) for the period	**260**	**(376)**	**(1,013)**	**140**
Gains and losses on hedging instruments in a cash flow hedge	47	(12)	8	(18)
Currency translation differences from subsidiaries & joint operations	(279)	250	(396)	329
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	(36)	11	(98)	36
Recyclable components	(268)	248	(486)	347
Gains and losses on equity instruments measured at fair value through other comprehensive income	1	2	(1)	3
Remeasurement of the net defined benefit liability [3]	(37)	(70)	(203)	(288)
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	(1)	(2)	(1)	(2)
Non-recyclable components	(37)	(70)	(205)	(287)
Income tax relating to components of other comprehensive income	(6)	19	10	90
Other comprehensive income, net of related tax effects	**(311)**	**197**	**(681)**	**149**
Total comprehensive income	**(51)**	**(179)**	**(1,694)**	**290**
attributed to Solvay share	(55)	(194)	(1,715)	255
attributed to non-controlling interests	4	15	22	34

[1] Reviewed by auditors for 9M only.
[2] 9M 2020 Result from portfolio management & major restructuring mainly relates to the €1.5 billion impairment taken in Q2 2020 largely attributable to goodwill at Composite Materials (€0.8 billion) and Technology Solutions (€0.3 billion). An additional impairment was recorded on Oil & Gas and some specific assets within Special Chem.
[3] The remeasurement of the net defined benefit liability of €(203) million in 9M 2020 were mainly due to decrease of discount rates applicable to post-employment provisions in the Euro-zone, the UK and US, partly offset by the return of plan assets.

Consolidated statement of cash flows

(in € million)	IFRS Q3 2020	Q3 2019	9M 2020	9M 2019
Profit / (loss) for the period	260	(376)	(1,013)	140
Adjustments to profit / (loss) for the period	207	1,053	2,497	1,965
Depreciation, amortization & impairments (-)	189	1,084	2,187	1,592
Earnings from associates & joint ventures (-)	(7)	(27)	(31)	(76)
Additions & reversals on provisions (-)	7	24	156	135
Other non-operating and non-cash items [1]	(27)	1	(331)	37
Net financial charges (-)	41	61	113	176
Income tax expenses (-)	4	(89)	404	102
Changes in working capital	159	46	127	(348)
Uses of provisions	(95)	(95)	(237)	(291)
Use of provisions for additional voluntary contributions (pension plans)	-		(460)	
Dividends received from associates & joint ventures	7	5	23	21
Income taxes paid (excluding income taxes paid on sale of investments)	(42)	(51)	(49)	(194)
Cash flow from operating activities	**495**	**582**	**888**	**1,295**
Acquisition (-) of subsidiaries	(2)	(2)	(11)	(4)
Acquisition (-) of investments - Other	(13)	(12)	(39)	(15)
Loans to associates and non-consolidated companies	(5)	2	(1)	4
Sale (+) of subsidiaries and investments	(2)	(11)	1,302	(18)
Acquisition (-) of tangible and intangible assets (capex)	(89)	(223)	(363)	(583)
of which tangible assets	(69)	(195)	(302)	(502)
of which capital expenditures required by share sale agreement	-	(15)	(14)	(44)
of which intangible assets	(20)	(27)	(61)	(81)
Sale (+) of tangible & intangible assets	1	2	7	7
Dividends from financial assets measured at fair value through other comprehensive income	2	-	4	4
Changes in non-current financial assets	(7)	(9)	(18)	(26)
Cash flow from investing activities	**(115)**	**(253)**	**880**	**(631)**
Issuance of perpetual hybrid bond	493		493	
Repayment of perpetual hybrid bond	(500)	-	(500)	(701)
Sale (acquisition) of treasury shares	-	1	(26)	(4)
Increase in borrowings	3	594	532	1,741
Repayment of borrowings [2]	(151)	(1,307)	(1,292)	(1,350)
Changes in other current financial assets	(11)	16	(43)	(47)
Payment of lease liabilities	(27)	(29)	(80)	(79)
Net interests paid	(11)	(26)	(50)	(65)
Coupons paid on perpetual hybrid bonds	(24)	-	(92)	(87)
Dividends paid	(4)	(1)	(392)	(391)
of which to Solvay shareholders	(3)	(1)	(387)	(387)
of which to non-controlling interests	(1)	-	(5)	(4)
Other [3]	6	(9)	31	(2)
Cash flow from financing activities	**(225)**	**(760)**	**(1,418)**	**(986)**
of which increase/decrease of borrowings related to environmental remediation	2	-	8	-
Net change in cash and cash equivalents	155	(431)	350	(323)
Currency translation differences	(14)	(4)	(55)	4
Opening cash balance	963	1,219	809	1,103
Closing cash balance	**1,104**	**784**	**1,104**	**784**

[1] Other non-operating and non-cash items of €(331) million in 9M 2020 mainly related to Polyamide capital gain before taxes and provisions
[2] Repayment of borrowings of €(1,292) million in 9M 2020 mainly relates to the reimbursement of commercial paper after the cash proceeds on Polyamide disposal.
[3] Other cash flow from financing activities of €31 million mainly relate to margin calls.

Statement of cash flow from discontinued operations

(in € million)	IFRS Q3 2020	Q3 2019	9M 2020	9M 2019
Cash flow from operating activities	-	43	15	227
Cash flow from investing activities	-	(37)	(34)	(92)
Cash flow from financing activities	(1)	4	6	1
Net change in cash and cash equivalents	**(1)**	**10**	**(13)**	**136**

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

Consolidated statement of financial position

(in € million)	2020 September 30	2019 December 31
Intangible assets	2,274	2,642
Goodwill	3,313	4,468
Tangible assets	4,812	5,472
Right-of-use assets	401	447
Equity instruments measured at fair value through other comprehensive income	59	56
Investments in associates & joint ventures	488	555
Other investments	47	38
Deferred tax assets	770	1,069
Loans & other assets	330	289
Non-current assets	**12,496**	**15,035**
Inventories	1,301	1,587
Trade receivables	1,265	1,414
Income tax receivables	128	129
Other financial instruments	162	119
Other receivables	567	628
Cash & cash equivalents	1,104	809
Assets held for sale	121	1,586
Current assets	**4,646**	**6,272**
Total assets	**17,142**	**21,307**
Share capital	1,588	1,588
Issue premiums	1,170	1,170
Other reserves	4,688	6,757
Non-controlling interests	129	110
Total equity	**7,575**	**9,625**
Provisions for employee benefits	2,356	2,694
Other provisions	701	825
Deferred tax liabilities	500	531
Financial debt	3,286	3,382
Other liabilities	142	159
Non-current liabilities	**6,984**	**7,592**
Other provisions	224	190
Financial debt [1]	459	1,132
Trade payables	1,056	1,277
Income tax payables	124	102
Dividends payable	4	161
Other liabilities	680	792
Liabilities associated with assets held for sale	36	437
Current liabilities	**2,583**	**4,091**
Total equity & liabilities	**17,142**	**21,307**

[1] The current financial debt (€459 million at the end of September 2020) is composed of short term financing (which include €95 million of short term portion of leases and excludes any commercial paper, fully reimbursed).

Consolidated statement of changes in equity

(in € million)	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Retained earnings	Currency translation differences	Revaluation reserve (fair value)		Defined benefit pension plans	Total other reserves	Non-controlling interests	Total equity
							Equity instruments measured at fair value through other comprehensive income	Cash flow hedges				
Balance on December 31, 2018	**1,588**	**1,170**	**(299)**	**2,486**	**6,834**	**(618)**	**9**	**(26)**	**(636)**	**7,750**	**117**	**10,624**
Adoption IFRS 16	-		-	-	8	-	-	-	-	8	-	8
Balance on January 1, 2019	**1,588**	**1,170**	**(299)**	**2,486**	**6,842**	**(618)**	**9**	**(26)**	**(636)**	**7,758**	**117**	**10,632**
Profit / (loss) for the period	-				110					110	31	140
Items of other comprehensive income	-		-	-	-	360	3	(13)	(204)	146	4	149
Comprehensive income	**-**				**110**	**360**	**3**	**(13)**	**(204)**	**255**	**34**	**290**
Perpetual hybrid bond repayment	-			(697)	(3)					(701)		(701)
Cost of stock options	-				9					9		9
Dividends	-				(238)					(238)	(3)	(241)
Coupons of perpetual hybrid bonds	-				(87)					(87)		(87)
Sale (acquisition) of treasury shares	-		(4)							(4)		(4)
Other	-		-	-	4	-	-	1	(5)	-	-	-
Balance on September 30, 2019	**1,588**	**1,170**	**(303)**	**1,789**	**6,636**	**(258)**	**11**	**(38)**	**(846)**	**8,162**	**148**	**9,898**
Balance on December 31, 2019	**1,588**	**1,170**	**(274)**	**1,789**	**6,462**	**(454)**	**10**	**(20)**	**(756)**	**6,757**	**110**	**9,625**
Profit / (loss) for the period	-				(1,038)					(1,038)	26	(1,013)
Items of other comprehensive income	-		-	-	-	(490)	-	8	(195)	(677)	(4)	(681)
Comprehensive income	**-**				**(1,038)**	**(490)**	**-**	**8**	**(195)**	**(1,715)**	**22**	**(1,694)**
Perpetual hybrid bond issuance	-			493						493		493
Perpetual hybrid bond repayment	-			(497)	(4)					(501)		(501)
Cost of stock options	-				5					5		5
Dividends	-				(232)					(232)	(3)	(235)
Coupons of perpetual hybrid bonds	-				(92)					(92)		(92)
Sale (acquisition) of treasury shares	-		(26)							(26)		(26)
Other	-		-	-	(7)	-	-	-	6	(1)	-	(1)
Balance on September 30, 2020	**1,588**	**1,170**	**(300)**	**1,785**	**5,095**	**(944)**	**11**	**(13)**	**(945)**	**4,688**	**129**	**7,575**

9M 2020 Equity is reduced by €490 million due to currency translation differences mainly due to USD, BRL and RUB devaluation against EUR.

Notes to the condensed consolidated financial statements

1. General information and significant events

Solvay is a public limited liability company governed by Belgian law and quoted on Euronext Brussels and Euronext Paris. These condensed consolidated financial statements were authorized for issue by the Board of Directors on November 4, 2020.

On January 31, 2020, Solvay announced it had formally completed the divestment of its Performance Polyamides activities to BASF and Domo Chemicals. The transaction is based on an enterprise value of €1.6 billion and the expected selling proceeds net of costs of disposals on the combined transaction are estimated to be around €1.3 billion (selling proceeds of €1.5 billion received on January 31, 2020). The expected capital gain after taxes, subject to customary post-closing purchase price adjustments, is €138 million and is expected to be finalized in Q4, 2020.

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

Solvay has launched since the beginning of the year restructuring plans, hence accelerating the alignment of its worldwide organization with its G.R.O.W. strategy and responding to the challenging economic environment. The plans are leading to ca 1,300 net redundancies, including 620 for the Composite Materials launched in Q2 2020. A provision has been accrued for €113 million in the first nine months.

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

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

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

Asset held for sale

At the end of September 2020, the assets and liabilities related to some businesses have been reclassified as "held for sale" (assets for a total amount of €121 million and liabilities for a total amount of €36 million):

- the Peroxides sodium chlorate business line and related assets in Povoa (Portugal),
- the various fluorine chemicals assets in Onsan, South Korea, part of Special Chem, and
- the commodity amphoterics surfactants activities in Novecare.

Most recently, an agreement (subject to applicable legal and social consultation in the respective countries) has been signed for the sale of the process materials product line (part of Composites). This business line has sales of ca. €80 million in 2020 and operates 6 production sites in the US, France, Italy and the UK. Solvay will continue to explore other opportunities to further simplify its portfolio.

COVID-19 impact

The total net impact of COVID-19 on 9M 2020 EBITDA is estimated at €(375) million, after mitigation actions related to labor costs (including furloughs) and indirect spend. The COVID-19 has triggered some impacts and actions that have been described in detail in the Q2 Financial Report. The updated impacts in Q3 are summarized below:

A. Underactivity

During Q3 Solvay had most of its production plants running fully to support the increase in sales compared to Q2. Industrial activity was however still lower by about 10% compared to 2019. Administrative sites in Europe, USA and Brazil remained closed to protect employees from the COVID pandemic while locations in Asia (Shanghai, Seoul, Tokyo) reopened.

During Q3 2020, approximately 3,690 employees were on furlough (equivalent to approximately 620 Full Time Equivalents). Solvay has guaranteed to all employees, regardless of their country of employment, 70% of their gross monthly base pay for up to 3 months. To mitigate the impacts of underactivity, Management has ensured that the unit costs in inventory have not been artificially increased by abnormally low levels of production. This analysis was included as part of the global assessment of the COVID-19 impact on EBITDA as mentioned above.

B. Impairment tests (IAS 36)
A review was undertaken during Q2, 2020, to assess whether the consequences of COVID-19 indicate that some assets could be impaired. The review confirmed that there was an indication of impairment for CGUs with the lowest impairment headroom at December 31, 2019 (see Note F27 in 2019 Annual report). During Q3, 2020, there were no new indicators of impairment and, as a result, a new impairment test was not performed. The only adjustments to the impairment loss of Q2 result from favorable exchange rate conversion effects and partial reversal of the impairment of certain Special Chem assets.

2. Accounting policies

Solvay prepares its condensed consolidated interim financial statements on a quarterly basis, in accordance with IAS 34 "*Interim Financial Reporting*" using the same accounting policies as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2019. They do not include all the information required for the preparation of the annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2019. The critical accounting judgments and key sources of estimation uncertainty included in the 2019 annual report remain applicable. Relevant updates on specific topics are included in these notes and should be read together with the 2019 annual report.

3. Segment information

Solvay is organized in the following operating segments:

- **Materials** offer a unique portfolio of high-performance polymers and composite technologies used primarily in sustainable mobility applications. Its solutions enable weight reduction and enhance performance while improving CO_2 and energy efficiency. Major markets served include next-generation mobility in automotive and aerospace, healthcare and electronics.
- **Chemicals** host chemical intermediate businesses focused on mature and resilient markets. Solvay is a world leader in soda ash and peroxides and major markets served include building and construction, consumer goods and food. Its Silica, Coatis and RusVinyl businesses are also high quality assets with strong positions in their markets. This segment provides resilient cash flows and the company selectively invests in these businesses to become the #1 cash conversion chemical player.
- **Solutions** offer a unique formulation & application expertise through customized specialty formulations for surface chemistry & liquid behavior, maximizing yield and efficiency of the processes they are used in while minimizing the eco-impact. Novecare, Technology Solutions, Aroma and Special Chem focus on specific areas such as resources (improving the extraction yield of metals, minerals and oil), industrial applications (such as coatings) or consumer goods and healthcare (including vanillin and guar for home and personal care).
- **Corporate & Business Services** includes corporate and other business services, such as Group research & innovation or energy services, whose mission is to optimize energy consumption and reduce CO_2 emissions.

Reconciliation of segment, underlying and IFRS data

(in € million)	Q3 2020	Q3 2019	9M 2020	9M 2019
Net sales	**2,103**	**2,578**	**6,751**	**7,803**
Materials	606	818	2,076	2,452
Chemicals	725	845	2,184	2,512
Solutions	770	912	2,487	2,834
Corporate & Business Services	1	2	5	5
Underlying EBITDA	**473**	**601**	**1,481**	**1,796**
Materials	161	233	560	703
Chemicals	201	241	606	713
Solutions	142	168	429	513
Corporate & Business Services	(31)	(40)	(114)	(132)
Underlying depreciation, amortization & impairments [1]	(196)	(205)	(631)	(599)
Underlying EBIT	**277**	**397**	**850**	**1,197**
Non-cash accounting impact from amortization & depreciation of purchase price allocation (PPA) from acquisitions	(41)	(55)	(141)	(165)
Net financial charges and remeasurements of equity book value of the RusVinyl joint venture	(11)	(2)	(25)	4
Result from portfolio management & major restructuring	25	(827)	(1,528)	(891)
Result from legacy remediation & major litigations	12	(4)	(9)	(31)
EBIT	**262**	**(492)**	**(852)**	**114**
Net financial charges	(39)	(62)	(112)	(175)
Profit / (loss) for the period before taxes	**223**	**(554)**	**(964)**	**(61)**
Income taxes	(4)	120	(207)	(7)
Profit / (loss) for the period from continuing operations	**218**	**(434)**	**(1,171)**	**(68)**
Profit / (loss) for the period from discontinued operations	42	58	158	208
Profit / (loss) for the period	**260**	**(376)**	**(1,013)**	**140**
attributable to non-controlling interests	8	11	26	31
attributable to Solvay shareholders	**252**	**(387)**	**(1,038)**	**110**

The non-cash PPA impacts can be found in the reconciliation table on pages 13 and 15.

4. Financial Instruments

Valuation techniques

Compared to December 31, 2019, there are no changes in valuation techniques.

Fair value of financial instruments measured at amortized cost

For all financial instruments not measured at fair value in Solvay's consolidated statement of financial position, the fair value of those financial instruments as of September 30, 2020, is not significantly different from the ones published in Note F35 of the consolidated financial statements for the year ended December 31, 2019.

Financial instruments measured at fair value

For financial instruments measured at fair value in Solvay's consolidated statement of financial position, the fair value of those instruments as of September 30, 2020, is not significantly different from the ones as published in the Note F35 of the consolidated financial statements for the year ended December 31, 2019.

5. Declaration by responsible persons

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

- The condensed consolidated financial information, prepared in accordance with IAS 34 "*Interim Financial Reporting*" as adopted by the European Union, reflects a faithful image of the assets and liabilities, financial situation and results of the Solvay Group;
- The management report contains a faithful presentation of significant events occurring during the first 9 months of 2020, and their impact on the condensed consolidated financial information;
- The main risks and uncertainties are in accordance with the assessment disclosed in the Risk Management section of the Solvay 2019 Annual Integrated Report, taking into account the current economic and financial environment. The main impacts relating to COVID-19, which appeared in 2020, are explained in the note 1, on page 20 of this financial report.

Report on the review of the condensed consolidated interim financial information of Solvay SA/NV for the nine-month period ended 30 September 2020

In the context of our appointment as the company's statutory auditor, we report to you on the condensed consolidated interim financial information. This condensed consolidated interim financial information comprises the consolidated condensed statement of financial position as at 30 September 2020, 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 nine months then ended, as well as selective notes 1 to 5.

Report on the condensed consolidated interim financial information

We have reviewed the condensed consolidated interim financial information of Solvay 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 condensed consolidated condensed statement of financial position shows total assets of 17 142 million EUR and the consolidated condensed income statement shows a consolidated loss (group share) for the period then ended of 1 038 million EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the condensed 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 condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review of the condensed 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 condensed consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed 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.

Zaventem, 4 November 2020

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by

Michel Denayer

Corine Magnin

Glossary

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

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

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

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

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

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

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

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

CTA: Currency Translation Adjustment

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

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

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

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

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

Extra-financial indicators: Indicators used that measure the sustainability performance of the company in complement to financial indicators. Based on a materiality analysis, Solvay has selected five indicators on which it has set mid- and long-term targets. These are:

- Greenhouse gas intensity, expressed in kg CO_2 equivalents per € Underlying EBITDA;
- Sustainable solutions, expressed in % of the Group's net sales, based on the Sustainable Portfolio Management methodology;
- MTAR or Medical Treatment Accident Rate, expressed in number of accidents with medical treatment per million working hours;
- Employee engagement, which is an index based on a regular employee poll;
- Societal actions, expressed as % of employees involved.

For further definitions, we refer to the last available integrated annual report available on www.solvay.com

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

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

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

GBU: Global business unit.

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

IFRS: International Financial Reporting Standards.

LTM: Last twelve months

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

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

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

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

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

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

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

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

OCI: Other Comprehensive Income.

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

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

PA: Polyamide, polymer type.

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

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

Pricing power: The ability to create positive net pricing.

PSU: Performance Share Unit.

PVC: Polyvinyl chloride, polymer type.

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

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

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

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

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

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

SOP: Stock Option Plan.

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

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

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

WACC: Weighted Average Cost of Capital

yoy: Year on year comparison.

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Safe harbor

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About Solvay

Solvay is a science company whose technologies bring benefits to many aspects of daily life. With more than 24,100 employees in 64 countries, Solvay bonds people, ideas and elements to reinvent progress. The Group seeks to create sustainable shared value for all, notably through its Solvay One Planet plan crafted around three pillars: protecting the climate, preserving resources and fostering better life. The Group's innovative solutions contribute to safer, cleaner, and more sustainable products found in homes, food and consumer goods, planes, cars, batteries, smart devices, health care applications, water and air purification systems. Founded in 1863, Solvay today ranks among the world's top three companies for the vast majority of its activities and delivered net sales of €10.2 billion in 2019. Solvay is listed on Euronext Brussels (SOLB) and Paris and in the United States, where its shares (SOLVY) are traded through a Level I ADR program. Learn more at www.solvay.com.

About Solvay Investor Relations

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Credit information
ESG information
Annual report
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Progress beyond

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