

### 1863-2013: an industrial and human adventure now going on for one century and a half

*Founded in Belgium in the middle of the 19<sup>th</sup> century, the company boasts the distinction of being a family-owned business and one of the oldest multinational corporations in the world. This chemicals giant is the fruit of the resolution and determination of a young self-taught visionary surrounded by a small network of associates.*

### 1863-1913: initial vision and conquest of the industrialized world

Ernest Solvay was only 23 years old when he filed his first patent for a new manufacturing process for producing soda ash using ammonia. His ambition was to develop this process on an industrial scale with the help of Alfred, his younger brother, and Acheroy, a childhood friend. Despite facing a host of technical, administrative and financial difficulties, Solvay & Cie was founded on December 26, 1863 in the form of a limited partnership.

The Solvay brothers took charge of running the business while a small number of private investors – named Pirmez, Nélis, Lambert and Sabatier – provided the bulk of the financial backing. The “Solvay process” which is still in use today, proved to be a real technological feat considering how difficult it was to upscale it from the laboratory to the production plant. It was, however, a clear improvement over the less efficient and more polluting Leblanc process. At that time, soda ash was used as a basic raw material in the glass, soap, paper and textile industries.

Thanks to the excellence of its technical solutions combined with a policy of secrecy covering the different stages of its production process, Solvay rapidly launched a campaign to expand into international markets alone or in partnership with other companies. At the beginning of the 20<sup>th</sup> century, the company was operating under its own name in France, Italy and Spain, and had subsidiaries in Germany, England, the United States, Russia and Austria-Hungary. This international presence allowed it to develop a global leadership position in alkali production and become the world’s largest chemical company on the eve of the First World War.

### 1914-1949: Surviving the upheavals in European and world history

In 1914, the First World War shook the foundations of the modern world and threw the structure of the Solvay Group into disarray. Suddenly, its subsidiaries located in a large number of warring states became caught up in the hostilities. Communications were difficult. In Russia, the factories were confiscated by the Bolshevik revolutionaries. During the conflict, Ernest Solvay and his fellow managers played an active role in providing food to the Belgian population faced with the risk of starvation.

After the War came the time to take stock of the situation. The factories had only suffered minor damage and production was maintained. But the world had changed and a great many challenges faced the company, now run by the founders’ sons, Louis and Armand Solvay: competition from innovative new products, the rise of economic nationalism, creation of huge national conglomerates with whom Solvay attempted to forge alliances without giving up its independence. Uncertain of what course to take, Solvay decided to maintain a strong position in its historic businesses: alkalis and electrolysis. This allowed it to ride out the financial crisis that came in the wake of the 1929 stock market crash. In the United States and Great Britain, Solvay withdrew from production, preferring to refocus its activities on continental Europe at the outbreak of the Second World War. The challenge for the senior managers during the conflict was to preserve the independence enjoyed by the Group during the pre-war years. Ernest-John Solvay focused on this task in occupied Europe while his brother-in-law René Boël handled relations with the authorities in the free world. This was how, in 1941, he laid the foundations for Solvay’s subsequent development in Brazil. Although the war came to an end in 1945, Solvay continued to suffer from its after effects with the nationalization of some fifteen industrial sites by the communist regimes to the East of the Iron Curtain.

### 1950-2013: Redeployment and opening up to a globalized world

In the West, Solvay played an active role in economic recovery with the launch of an extensive diversification program. It successfully expanded into the production of plastics (PVC, Polyolefins) and peroxides, which provided ideal outlets for the chlorine and hydrogen it produced. It also moved into plastics processing to be closer to the end consumer. This expansion called for a massive injection of capital.

After working for more than a century as a reserved, privately owned enterprise, Solvay adopted the status of a public limited company with its share making its stock market debut on the Brussels Stock Exchange in 1967. A major portion of the capital, however, remained controlled by the founding families. The creation of the Solvac holding company in 1983 further strengthened the protection of its long-standing shareholders against any attempt to launch a hostile takeover bid. The family nature of its share ownership structure, which is still clearly evident today, facilitates a long-term corporate vision and reduces dependence on the financial markets.

Enjoying new financial resources since its stock market listing, Solvay returned to the United States as a polyolefin manufacturer under the stewardship of its then Chairman, Jacques Solvay. But the oil crises in 1973 and 1981 encouraged the Group to reduce the cyclical nature of its activities and to develop new activities in life sciences (human and animal health, enzymes, crop protection). This third core business, sharing much with the production of chemicals and plastics, would gradually focus on human health and gave the Solvay Group a hybrid dimension (chemicals/pharmaceuticals) that allowed it to successfully withstand subsequent moments of turbulence in the world economy. Between 1980 and 2000, under the leadership of Daniel Janssen and Alois Michielsen – the first CEO appointed from outside the family – Solvay also stepped up its presence in Asia and Latin America and expanded, in particular, into fluorine chemistry and specialty polymers, the latter being very high-tech plastics.

Faced with the increasing constraints of the health sector (competition from generics, the cost of R&D, the concentration of the industry), Solvay launched a strategic refocusing of its activities in 2009 under the direction of Christian Jourquin, leading to a sale of its pharmaceutical sector at the beginning of 2010. The second stage of this refocusing drive was realized in 2011, with a friendly bid to acquire all outstanding shares in Rhodia, an international chemical group of French origin of similar size to Solvay, with a view to creating a new major player in the global chemicals industry commanding front-ranking positions in its different core business lines and resolutely committed to sustainable development. In a year and a half, the new Chief Executive Officer Jean-Pierre Clamadiou oversaw the integration of the two groups and transformed the whole into a “new Solvay”, ready to face the future with confidence. In the course of this century and a half of history, Solvay has successfully alternated periods of stability with periods of strategic new departures that have allowed it to adapt to a world that has changed radically over the years.

### ➤ 1863 - 1867

- ✓ Incorporation of Solvay & Cie.
- ✓ Start-up and perfection of the production process for soda ash from salt, ammonia and carbonic acid.

### ➤ 1870 - 1890

- ✓ Solvay is the earliest chemical multinational company to be industrially active in Continental Europe, Great-Britain, Russia and United States all at the same time.

### ➤ 1913

- ✓ Solvay and its partnerships form the world's largest chemical group with 32 plants on two continents.
- ✓ 90% of all industrial soda ash in the world is produced using the Solvay process.

### ➤ 1914 - 1918

- ✓ Solvay's subsidiaries in all belligerent countries suddenly confront each other. Communications are cut. However, only a few major destructions are experienced.
- ✓ After the Bolshevik revolution, the Russian sites are confiscated without any compensation.

### ➤ 1918 - 1939

- ✓ Control of the sites in the USA is gradually lost to Allied Chemical and Dye Corporation in the interwar period.
- ✓ Thanks to its defensive industrial strategy focused on alkalis and electrolysis, Solvay is not too badly hit by the global depression of the 1930s.

### ➤ 1939 - 1945

- ✓ Solvay is once again confronted with a war opposing countries in which it has many activities. Threats are many, on both sides. Solvay strives to preserve its autonomy.
- ✓ At the end of the Second World War, Solvay loses all plants in the communist world: East-Germany, Poland, Romania, Yugoslavia, Czechoslovakia, Hungary...

### ➤ 1946 - 1970

- ✓ Having to cope with an important loss in size and the burden of being a mono-product company, Solvay reinvents itself and becomes the largest PVC producer in Europe and one of the largest hydrogen peroxides producers in the world.
- ✓ Solvay invents the plastic water bottle for mineral water.

### ➤ 1974 - 1979

- ✓ Return to the USA with the largest polyolefins production site in the USA in Corpus Christi (TX).
- ✓ Development of the pharmaceuticals and life science businesses to ease cyclicity of the polyolefins and PVC businesses.

### ➤ 1995 - 2002

- ✓ In the post Cold War context, Solvay transforms its industrial activities once again:
  - exit from High-Density Polyethylene and Polypropylene production and from plastics processing.
  - acquisition of the Specialty Polymers of Ausimont and of the Engineering Polymers of BP.
- ✓ Focus on emerging markets in Asia, Latin America, Russia.

### ➤ 2009 - 2013

- ✓ Sale of the Pharmaceutical activities to Abbott.
- ✓ Acquisition and merger with Rhodia.
- ✓ Launch of the new Solvay.