



SOLVAY

asking more from chemistry®

Shareholder's letter 2019

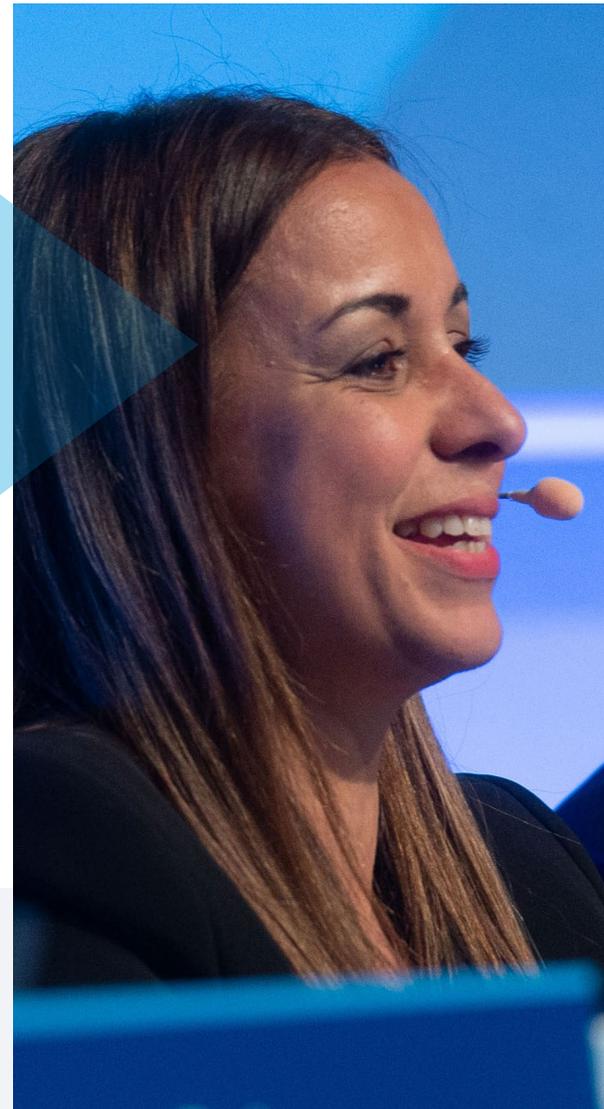


December 2019
www.solvay.com

Nine Months 2019 results

“ Solvay delivered solid earnings and cash in the first nine months, overcoming persistent challenges in the macro-economic environment. This performance benefits from enterprise-wide discipline and focus on costs and cash, which gives us the confidence to overcome the headwinds and reconfirm the guidance.

Ilham Kadri, CEO



KEY FIGURES

compared to 2018

Net Sales

€ 7,803 m

+ 1.6 %

- 0.7 %

EBITDA¹

€ 1,796 m

- 0.2 % incl. scope and forex conversion effects

- 2.6 % organic growth²

Earnings per share¹

continuing operations

€ 6.68

- 2.7 %

Free Cash Flow to Solvay shareholders

continuing operations

€ 345 m

+ € 217 m

¹ Underlying figures

² Excluding scope and forex conversion effects



For complete information about Solvay 9 months 2019 results, please refer to the regulated information available on our website.

Highlights of the first nine months of 2019

Solvay, an advanced materials and specialty chemicals company, recorded **revenue** of € 7.8 bn in the first nine months of 2019, up +1.6%, supported by positive forex conversion effects.

Volumes were down -2.8%. The deteriorating automotive, electronics and oil & gas markets affected Solvay's 25% sales exposure to these markets. This was partly offset by continued strong demand for composite materials in aerospace applications. Demand for Soda ash and peroxide proved resilient.

Prices increased by +2.1%, benefiting from transactional forex effects and higher negotiated prices for soda ash and peroxides.

In **Advanced Materials**, the double-digit volume growth in composites for aircraft continued into Q3, resulting in record performance, ahead of an anticipated slowdown in Q4. The Q3 performance of the Specialty Polymers business was impacted by the continued headwinds in the automotive and electronics markets, and by the reduction of Solvay's inventory levels, which adversely affected costs.

In **Advanced Formulations**, Aroma Performance as well as the coatings and care activities in Novocare remained solid in Q3. Order levels in agro and mining were lower, following a strong Q2. Numerous cost actions partly compensated the impact of lower



Payable on January 20, 2020

sales on EBITDA. The North American shale oil & gas market continued to decline in Q3 and Solvay's competitive position further deteriorated in the quarter.

In **Performance Chemicals**, price increases were maintained, leading to a strong increase of Q3 returns in the soda ash and peroxide businesses, in a stable demand environment. Results further benefited from deepened operational efficiency measures.

Underlying EBITDA was down -0.2%, and -2.6% organically, mostly on lower volumes and the net negative impact of some one-time events.

Underlying earnings per share from continuing operations were down -2.7% at €6.68. Lower net financial charges, following the repayment of higher interest-yielding debt in June 2018 and May 2019, partly offset higher depreciation and amortization charges. Total underlying earnings per share in the first nine months went up thanks to a strong contribution from discontinued operations, including the sale of some €33 million of carbon credits.

Free cash flow from continuing operations was €345 million, up €217 million year on year, thanks to better working capital phasing.



OUTLOOK 2019

Organic underlying EBITDA growth^[1] between -2% and -3% year on year.

^[1]Organic growth excludes forex conversion and scope effects, and compares to €2,330 pro forma in 2018, which already includes the €100 million IFRS 16 effect.

Free cash flow to Solvay shareholders from continuing operations^[2] of around €490 million.

^[2] Free cash flow to Solvay shareholders is free cash flow post financing payments and dividends to non-controlling interests, and compares to €566 million in 2018.



NEW G.R.O.W. STRATEGY to drive growth, cash & returns

Solvay unveiled its strategy review on November 7, with a clear objective of unleashing Solvay's full potential and accelerating value creation.

Ilham Kadri, CEO and Karim Hajjar, CFO shared our strategy roadmap with analysts and investors during a live webcast, which replay can be found on our website.



On a mission to simplify

Solvay has undergone an intense portfolio transformation, with a sequence of more than 50 M&A deals since 2012 - the most significant ones being the acquisitions of Rhodia and Cytec. This context and decentralized operating model created organizational complexity and silos that led to inefficiencies.

The last key step in our transformation consists in simplifying Solvay to unleash its full potential - to bring together teams from these different legacies and to engage all our employees around ONE Solvay, a mission and a true customer culture.

The arrival of Ilham Kadri in March 2019 as CEO marked a milestone in the development of a new Solvay. Her mandate? Develop a clear and shared vision to unleash the full potential of the Group.



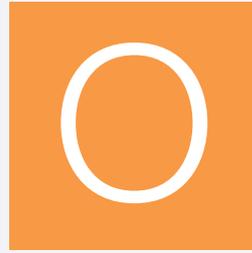
Accelerate Growth

Prioritize investments in high margin MATERIALS businesses with high growth potential, which are also our most sustainable solutions.



Deliver resilient cash

Maximize cash generation from our resilient CHEMICALS businesses where we have a competitive advantage.



Optimize returns

Optimize our SOLUTIONS businesses to unlock value and increase returns.



Win

Create a winning team and operating model to support performance-driven culture and win with our customers - Solvay ONE.

Listening to our stakeholders (customers, investors and employees) provided us with valuable information in the process of redefining our identity and establishing that vision.

We also took a close look at the megatrends which align directly to our expertise. As the world becomes more populated, urbanized and prosperous, demand for food, water, and energy will continue to rise, and the pace at which we're consuming our planet's resources is not sustainable. At Solvay, we will be part of the solution.

One major growth area is lightweighting, where the shift from metal to polymers and composites improves fuel efficiency in aircraft and in cars. In automotive also, the trend toward electrification is only just beginning. In our homes, our communities and our industries, finding more efficient solutions to preserve scarce natural resources is becoming a vital necessity. Healthcare for a growing and aging population, massive digitization with the Internet of Things, as well as the shift toward more bio- or natural-sourced products are additional trends creating the need for solutions that Solvay can provide.

We are therefore well positioned to drive superior value creation for shareholders, customers and all other stakeholders. Science, innovation, and sustainability are part of our DNA, and the passion, engagement, and talent of our people are also a strong base that defines Solvay today.

What we'll do differently and how

Our G.R.O.W. strategy is the result of a comprehensive strategic review of our entire portfolio.

We will unleash Solvay's full potential through a disciplined and differentiated allocation of resources across the Group. Solvay has realigned its businesses into three segments, MATERIALS, CHEMICALS and SOLUTIONS, and assigned them with a distinct mandate and ambition.

We will focus on growth, cash and returns, and will prioritize investment in the highest return opportunities. We will also create a more effective way to serve and innovate with our customers, as we increasingly deliver sustainable solutions that meet the needs of a more ESG-focused world.

An equally important element of our strategy is the implementation of the Solvay ONE operating model. Solvay ONE entails a completely new way of working, leveraging the many strengths and competencies across our enterprise as a whole. It will impact how we do everything from how we collaborate with our customers to how we allocate our capital and R&I resources, and our approach to cost and cash management.

For more information, visit the [Strategy Review on solvay.com](https://www.solvay.com/strategy-review)



2020-2024 Financial targets

Profits

Mid-single digit / year average

Underlying EBITDA growth

Cash

Exceed 30% by 2024

Free cash flow conversion^[1]

Returns

Exceed 11% by 2024

ROCE^[2]

[1] FCF to Solvay shareholders (before netting of dividends paid to non consolidated interests) divided by the EBITDA

[2] Return on capital employed

One eye on the telescope, one eye on the microscope

The short term is inspired by the long term vision and long term objectives are enabled by the short term performance. While focusing on the strategy, we also took several actions in 2019 (capacity increases, among others) in order to be at our best and to answer growing demands. Those actions are part of our path towards our new strategic roadmap. Here is a snapshot of one of our 2019 key developments.

Thermoplastics Composites Platform

Solvay announced in May the creation of its first horizontal strategic platform to accelerate the development of thermoplastic composites (TPC) as part of its strategy to leverage its unmatched portfolio and expertise in specialty polymers and carbon fiber composites. These lightweighting materials help lower the emissions of planes and cars as they replace metal parts and facilitate their design and integration. Other applications include pipes in the oil and gas industry as they are a strong and cost-effective alternative to existing steel solutions.



Expanding capacity & research

Solvay expanded its aerospace thermoplastic composites capacity in the US to meet strong demand growth from aerospace customers. Additionally, Solvay opened two innovation centers dedicated to thermoplastic composites in the United States and Europe, reinforcing its research and innovation capabilities and engagement with customers. The centers are complementary and will speed up the development of these high performance materials. Solvay also joined the ThermoPlastic Composites Research Center, the world-leading research, development and innovation center for TPC focused on enabling the use of this technology in large volume applications and on eliminating technological barriers towards its widespread adoption.

Capturing opportunities in new markets

Solvay signed a brand new agreement with Baker Hughes to partner on the use of Solvay's thermoplastic composite materials in offshore flexible pipes and risers for the oil & gas industry. In addition to leveraging lightweighting and non-corrosive properties versus metal, our technology has demonstrated the ability to reduce their total cost of ownership by approximately 20%, which offers an attractive value proposition to our customers and helps to accelerate the adoption of this technology into a new market.



Doing good together for our communities and for the planet

As a business, we must be ambitious and deliver value for all stakeholders. Being competitive is not inconsistent with being humane – Solvay has known that ever since its foundation. Sustainability is in our DNA: we have 24,500 hearts in action who want a better future for the generations to come, striving at doing good for the people and good for the planet.

Solvay 1st ever Citizen Day

On the occasion of international climate strikes and the UN's Climate Action Summit, Solvay's first World Citizen Day saw employees around the world engaging in environmental actions from September 17-27. Solvay chose the theme of environment preservation for its first-ever World Citizen Day, which aims to offer employees around the world the possibility to act for the environment within their communities. In total, 169 sites participated, representing more than 94% of Group employees across the globe.



Three Solvay efficient solutions to change the world

Following AgRHO® S-Boost™, a seed booster, and SOLVAir®, an industrial exhaust cleaning solution, Solvay is proud to have yet another of its products, Solef® PVDF, recognized as environmentally and economically sustainable by the Solar Impulse Foundation and its stringent scrutiny, all over the course of a few months. Applied in batteries, Solef® PVDF is a fluorinated polymer that improves the performance and durability of electric vehicles. The Foundation created by Swiss pilot Bertrand Piccard, who famously flew around the world using nothing but solar energy aboard the Solar Impulse, is hard at work identifying 1,000 "Efficient Solutions" with a proven environmental impact and business viability.



Recognition in 2019

- **Solar Energy Industries Association (SEIA)** ranks Solvay 9th in the United States with the most solar capacity installed. Solvay is the only manufacturing company to make the top 10 list, which includes companies such as Apple, Amazon and Target.
- For a digital asset that guarantees safety and compliance for 12,000 of our customers and 16,500 marketed products across the globe (Product Stewardship Management System), Solvay received Chemical Safety Award from European Responsible Care, granted by **Cefic (European Chemical Industry Council)**.
- Solvay is ranked in the top 10 European companies for inclusion as reported by **Financial Times**, among the 10,000 privately held and publicly listed companies employing at least 250 people.
- Solvay receives the **LinkedIn** Talent Awards 2019 in the “Best Employer Brand” category. LinkedIn is a key platform to build Solvay’s reputation and position the Group as an employer of choice (41% of external hiring of managerial position in 2018).
- The results of **Webranking by Comprend** rank Solvay’s website as number 2 of Belgian companies, with the shared title of this year’s best climber.
- **Bourse Plus** recognizes Solvay financial communication to private investors with the highest score.



Interim dividend

The Board of Directors approved the payment on January 20, 2020 of an interim dividend of **€1.50 gross per share**.

Payment	January 20, 2020
Record date (dematerialized shares)	January 17, 2020
Quotation ex-dividend from	January 16, 2020
Notification of the operations relative to registered shares, at the latest	January 9, 2020



Final dividend to be approved at next Shareholders' Meeting.

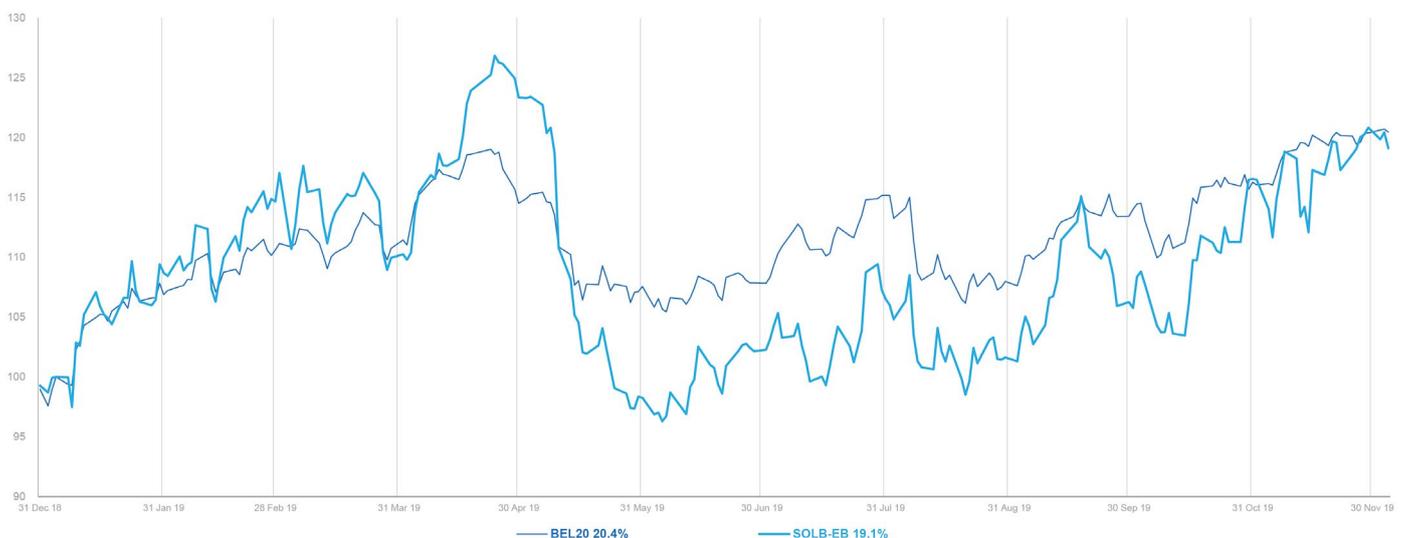
Solvay 2020 Annual Shareholders' Meeting will be held on May 12, 2020 in Brussels.

How can shareholders join?

Regardless of the number of shares they hold, all shareholders are invited to take part in the Shareholders' Meeting. The Meeting is a special opportunity to talk with Solvay's Management, learn about the Group's results and objectives, and take part in the decision-making process.

Solvay share price evolution

January 1 - November 30 2019, base 100



Shareholders' Services

JOIN THE INVESTORS' CLUB

Created in 2014, Solvay Investors' Club is dedicated to private investors who are particularly interested in the life of the Group and provides its members with a better understanding of Solvay, its businesses and its activities.

Timely information

To keep Club members updated with the latest news about the Group, we send several publications such as:

- A **Shareholders' Guide**
- Quarterly infographics related to the **earnings** publication
- An annual Shareholders' Letter
- Invitations to dedicated **events**

Would you like to sign up to the Investors' Club?

Register to the Club on **solvay.com**, **Shareholders' Corner** section and receive automatically throughout the year:

- invitations to Solvay's individual investors' events
- emailings about the Group's activities
- our **press releases**
- notification on the **annual report** publication
- our presentations and webcasts



After upgrading the Shareholders' corner to better suit your needs, we have also extended our digital offering to more webcasts and podcasts.

Which future topics would you be interested in hearing more about?

[Give your feedback](#)

The Solvay website **www.solvay.com** gives access to a wide range of regularly updated information on the Group and its activities. A specific section is dedicated to **private investors and shareholders** and is available in 3 languages. You will find information about our value proposition, how to manage your investment and much more.

Among the different features, you will have a direct access to the **share price and a set of valuation tools**, the events calendar, press releases, presentations and webcasts.

Visit the **events & presentations calendar** to discover our future or latest events and our publications. Should you wish to receive everything directly into your mailbox, sign up to the Investors' Club.

Subscribe to Solvay accounts on social networks to follow instantly the Group's latest news:





Next events for private investors

Come and meet us in **Paris on March 27, 2020** for a conference organized by the F2IC, with Solvay Head of IR Geoffroy Raskin.

Come and meet us on **March 28, 2020 at Kinopolis Antwerp** for a new edition of the VFB Happening. Solvay Investor relations team will be present at Solvay booth to answer your questions.

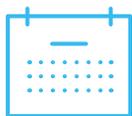


**Presentation
by Karim Hajjar**
Chief Financial Officer



Contacts

- > Investor relations
investor.relations@solvay.com
- > Shareholders' services
shareholders@solvay.com



Agenda

January 20, 2020

Payment of the 2019 interim dividend

February 26, 2020

Full Year 2019 Results

March 27, 2020

F2IC conference in Paris

March 28, 2020

VFB Happening in Antwerp

Early April

Publication of the Annual report

April 4, 2020

KBC Dag van de Belegger in Gent

May 6, 2020

1st Quarter 2020 Results

May 12, 2020

2020 General Shareholders' Meeting

July 29, 2020

1st Half Year 2020 Results

October 6, 2020

F2IC conference in Lyon

November 5, 2020

9 Months 2020 Results

November 2020

Finance Avenue in Brussels



Solvay SA

Rue De Ransbeek, 310

1120 Brussels

Belgium

T +32 2 264 2111

F +32 2 264 3061

www.solvay.com

Follow us :



Solvay is an advanced materials and specialty chemicals company, committed to developing chemistry that addresses key societal challenges. Solvay innovates and partners with customers worldwide in many diverse end-markets. Its products are used in planes, cars, batteries, smart and medical devices, as well as in mineral and oil and gas extraction, enhancing efficiency and sustainability. Its lightweighting materials promote cleaner mobility, its formulations optimize the use of resources, and its performance chemicals improve air and water quality.

Solvay is headquartered in Brussels with around 24,500 employees in 62 countries. Net sales were €10.3 billion in 2018, with 90% from activities where Solvay ranks among the world's top 3 leaders, resulting in an EBITDA margin of 22%. Solvay SA (SOLB.BE) is listed on Euronext Brussels and Paris (Bloomberg: SOLB.BB - Reuters: SOLB.BR), and in the United States its shares (SOLVY) are traded through a level-1 ADR program.

Financial figures take into account the planned divestment of Polyamides.