

# Shareholder Guide 2020



# INDEX

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## SAFE HARBOR

This document may contain forward-looking information (expectations, plans, strategies, goals, future events or intentions). The achievement of forward-looking statements is subject to risks and uncertainties relating to a number of factors, including general economic factors, interest rate and foreign currency exchange rate fluctuations, changing market conditions, product competition, the nature of product development, impact of acquisitions and divestitures, restructurings, products withdrawals, regulatory approval processes, all-in scenario of R&D projects and other unusual items. Consequently, actual results or future events may differ materially from those expressed or implied by such forward-looking statements. Should known or unknown risks or uncertainties materialize, or should our assumptions prove inaccurate, actual results could vary materially from those anticipated. The Company undertakes no obligation to publicly update or revise any forward-looking statements.

WHY  
**INVEST  
IN SOLVAY?**

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# FROM SCIENCE DERIVES THE PROGRESS OF MANKIND

Solvay is a science company whose innovative technologies are present in numerous products used in daily life. With more than 24,100 employees in 64 countries, Solvay bonds people, ideas and elements to reinvent progress with an aim to preserve planetary resources and deliver a better life for all.

Our advanced solutions contribute to safer, cleaner, and more climate-smart products found in homes, food and consumer goods, planes, cars, batteries, smart and medical devices, and water and air treatments.

We seek to create sustainable shared value for all, notably through our Solvay One Planet plan crafted around three pillars: protecting the climate, preserving resources and fostering a better life. We devote to innovation towards impactful circular economy and collaborate with game-changers to spark the impact of cleaner and sustainable solutions globally.

Diverse, entrepreneurial, and bright talent is Solvay's beacon since its very foundation, more than 150 years ago, driving us to be a true market maker powered by the right chemistry.

## 2019 Profile



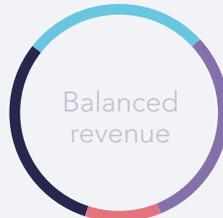
Net Sales

- Materials
- Chemicals
- Solutions



>50%  
in GDP+  
markets

- Automotive & aerospace
- Electrical & electronics
- Resources & environment
- Agro, feed & food
- Consumer goods & healthcare
- Building & construction
- Industrial applications



Balanced  
revenue

- Europe
- North America
- Latin America
- Asia & RoW

Net Sales  
53% sustainable solutions

€10.2 bn

EBITDA<sup>1</sup>  
Margin 23%

€2.3 bn

Market position  
Large majority of portfolio

Top 3

People

24,100

Ind. sites

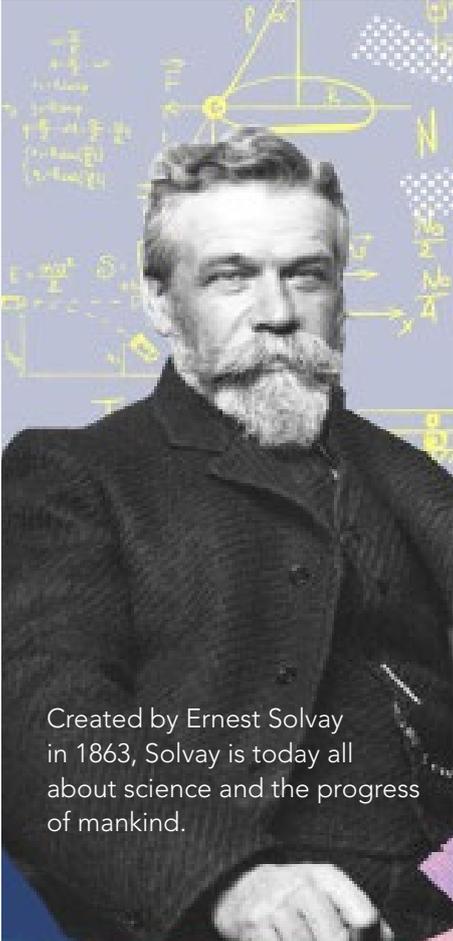
115

R&I sites

21

Countries

64



Created by Ernest Solvay in 1863, Solvay is today all about science and the progress of mankind.

<sup>1</sup> Underlying

# 5 REASONS TO INVEST IN SOLVAY



## LEADING SCIENCE COMPANY POWERED BY CHEMISTRY

We are developing top-notch chemistry and innovative solutions that contribute to safer, cleaner, and more sustainable products found in the everyday life. We strive to create financial value as well as value for society at large.



## PROVIDING INNOVATIVE AND SUSTAINABLE SOLUTIONS TO ANSWER MEGATRENDS

Solvay powers today and anticipates tomorrow's megatrends, from electrification, lightweighting, resource efficiency, healthcare, Internet of Things, digitalization to eco-friendly based solutions.



## CUSTOMER OBSESSION

Our customers find responses in our innovative products and constantly evolving market solutions to their fast-paced demand: rapid technological innovation, top-tier talent, personalized service and faster response times.



## SOLID FINANCIAL PERFORMANCE

We have one of the highest EBITDA margins within diversified chemical companies: propelled by volumes, underpinned by efficiency.



## CONSISTENT SHAREHOLDERS' REWARD: A SOUND DIVIDEND POLICY

2019 dividend: €3.75

We create sustainable value for our shareholders, with a ~5% CAGR since 1982.

The information presented in this document does not constitute an offer or a solicitation of an offer to buy, to sell or to subscribe for any Solvay securities. This information shall not constitute a solicitation to invest.

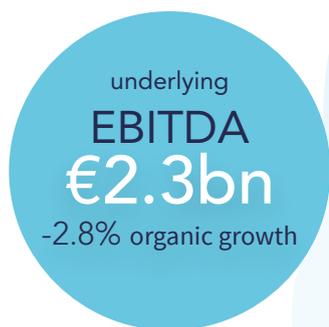
“ We delivered record total free cash flow and cash conversion in 2019, allowing us to deleverage substantially. Our focus on customers and costs amid the challenging market backdrop enabled us to achieve stable EBITDA. As we look ahead, we are taking additional efficiency measures to further align our structure to our G.R.O.W. strategy and confront continuing headwinds. We also released our Solvay ONE Planet sustainability goals, which, together with our new Purpose, will enable us to create long-term value for our shareholders in line with our G.R.O.W. strategy.



Ilham Kadri, CEO

## Key Figures

compared to 2018



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

<sup>1</sup> Underlying figures

<sup>2</sup> Excluding scope and forex conversion effects

## 2019 Highlights

Solvay recorded **revenue** of € 10.2 bn in 2019, down -2.2% organically, with lower volumes being partly compensated by higher prices.

**Volumes** were down -3.9%, as demand fell in the automotive, electronics and oil & gas markets, which represents about 25% of Solvay's sales. This was partly offset by the strong demand for composite materials in aerospace applications. Demand for soda ash and peroxide proved resilient.

**Prices** increased by +1.7%, benefiting from higher prices for soda ash and peroxides.

In **Advanced Materials**, the strong demand for composites from aerospace customers contributed to delivery of a record performance in 2019, despite an anticipated slowdown in the fourth quarter due to reduced 737MAX build rates. Specialty Polymers was significantly impacted by market headwinds, particularly in automotive and electronics; despite headwinds, we maintained our leading position across all key markets.

In **Advanced Formulations**, the resilient performance in coatings, agro, personal care, flavors and fragrances was offset by the softer mining environment and the increasingly challenging conditions in the oil & gas market. Cost measures partly mitigated the impact of lower volumes.

In **Performance Chemicals**, thanks to a supportive market environment, higher prices were achieved in soda ash and peroxide leading to a strong full year performance.

Underlying **EBITDA** was down -0.4%, and -2.8% organically, mostly due to lower volumes.

Full year underlying **earnings per share** from continuing operations were down -4.7% at €8.02. Higher depreciation and amortization charges and the slightly lower EBITDA were mitigated by lower net financial charges, following the repayment of higher interest-yielding debt in June 2018 and May 2019. Total underlying earnings per share in the full year was modestly down thanks to a higher contribution from the discontinued polyamide operations.

Full year **free cash flow to Solvay shareholders** from continuing operations was €606 million, up €40 million year on year. Working capital was positive at €7 million, resulting from more disciplined management. Capex from continuing operations increased by +5.4% compared to €794 million in 2018. Provision payments were largely in line with last year, and taxes were up €(29) million, as expected. Discontinued operations contributed €195 million, €35 million more than in 2018. These operations consist of the Polyamide activities sold on January 31, 2020 to BASF and Domo. As a consequence, total free cash flow to Solvay shareholders amounted to €801 million in 2019.

## 2020 Outlook

In 2020, Solvay is accelerating the **alignment of its worldwide organization** with its G.R.O.W. strategy and is responding to the challenging economic environment, leading to 500 redundancies and 150 new positions to support future growth. The social procedures are launched on February 26 and the savings will commence in the fourth quarter of 2020 and will be fully implemented by the end of 2021. This plan will complement prior measures and raise our mid-term cost reduction target to at least €350 million.

In April 2020, Solvay announced the withdrawal of its full-year guidance due to heightened uncertainty and prolonged duration of events related to the COVID-19 global pandemic.



## Our G.R.O.W. strategy to drive growth, cash & returns

Solvay unveiled its strategy review in November 2019, 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.*



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



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



Optimize our **SOLUTIONS** businesses to unlock value and increase returns.



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 strategy.

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.

With G.R.O.W., Solvay will focus on growth, cash and returns, and will prioritize investment in the highest return opportunities. We have therefore realigned our businesses into three segments, MATERIALS, CHEMICALS and SOLUTIONS, and assigned them with a distinct mandate, ambition, disciplined and differentiated allocation of resources.

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 the G.R.O.W. 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.

With this strategy, we plan to deliver mid-single digit EBITDA growth on average from 2020 through 2024, and this assumes that we will resume historic growth trends in our key markets in late 2020. We expect half our growth to come from Materials, and around a quarter each from Solutions and Chemicals. Our target for free cash flow conversion is to exceed 30% by 2024 from about 28% in 2019. And our target for return on capital employed is to exceed 11% by 2024 from around 8% today.

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

## A purpose at the heart of our strategy

On January 9th, the Group unveiled its purpose: **Solvay exists to bond people, ideas and elements to reinvent progress.**

We have to do more than just come up with new products, services, or inventions. We have to do more than just invent. We have to reinvent. Reinvent progress to solve critical industrial, social, and environmental challenges.

We are unleashing the power of science to deliver clean mobility and lower carbon footprints, to take steps towards a more circular economy.

That's why Solvay's Vision is to **create sustainable shared value for all.**



## Connecting the dots between business and sustainability

Solvay ONE Planet articulates our sustainability agenda around 3 pillars: Climate, Resources and Better Life, with a set of concrete actions and 10 measurable goals to be achieved by 2030.

With Solvay One Planet, we are taking a truly holistic approach to Sustainability. In addition to improving sustainability in our portfolio, operations and workplace, we will take into consideration our impact on the entire value chain, from sourcing to customers and recycling. That's how we are going to enhance our positive impact on some of the most pressing planetary issues. That's also how we will pave the way for a circular economy.

Solvay One Planet is our roadmap to drive sustainable superior long-term value creation for all stakeholders. Because for us at Solvay, "One Planet" means that we are all in this together.

This holistic vision is based on three pillars, representing where we can - and already do - have



the biggest impact on the planet we will leave for future generations: Climate, Resources and Better Life.

To bring our vision and ambition to life, we have defined a set of 10 measurable commitments associated to concrete actions, programs and projects. And, since sustainability starts with us, these projects and programs also include our No. 1 sustainability ambassadors: our own employees.

We are convinced that every single one of us can make a difference. Together, let's make sure that we leave this One Planet we live on a better place for our children and for future generations.

## CLIMATE



-26%

of greenhouse gas emissions to align with the well below 2°C temperature increase (2015 Paris agreement)

0%

of coal in energy production wherever renewable alternatives exist

-30%

of pressure on biodiversity in areas including climate change, terrestrial acidification, water eutrophication and marine ecotoxicity

## RESOURCES



15%

of total Group sales from renewable or recycled resources - leveraging circular economy

65%

of total Group sales from Sustainable Solutions

-30%

of non-recoverable industrial waste landfilled or incinerated without energy recovery

-25%

of freshwater intake

## BETTER LIFE



16 weeks

Adaptation of maternity leave (from 14 weeks to 16) and extension to co-parents employed by the company, regardless of gender

50%

of women in senior leadership

ZERO

accident policy

# SOLVAY SHARES

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## LISTINGS

### EURONEXT BRUSSELS & PARIS

ISIN code: BE0003470755  
 Member code: SOLB  
 Currency: EUR  
 Market: Brussels  
 Eligible to Deferred Settlement Service (SRD)  
 Eligible to a PEA (Equity Savings Plan)  
 International tax exemption concluded with a number of countries

### OTC MARKETS IN THE FORM OF ADRS\*

ISIN code: BE0003470755  
 Symbol: SOLVY  
 Currency: USD  
 CUSIP number: 834437303  
 ADR program: sponsored level 1  
 Sponsoring and administration of ADRs: CITI

\* An American Depositary Receipt (ADR) is a receipt representing the right to receive shares of a non-U.S. company. ADRs trade like any other U.S. security, are quoted and pay dividends in U.S. dollars, and provide transparency for U.S. investors by providing Company materials in English.

## KEY FIGURES

	2015	2016	2017	2018	2019
Closing share prices	€ 98.43	€ 111.35	€ 115.90	€ 87.32	€ 103.30
Highest share price	€ 141.10	€ 112.30	€ 132.00	€ 119.90	€ 111.45
Lowest share price	€ 88.01	€ 70.52	€ 106.30	€ 86.18	€ 82.26

The 2015 share price data use the share price adjusted by a factor 93.98% for the period until December 3, 2015. The adjustment reflects the distribution of rights during the capital increase completed in December 2015.

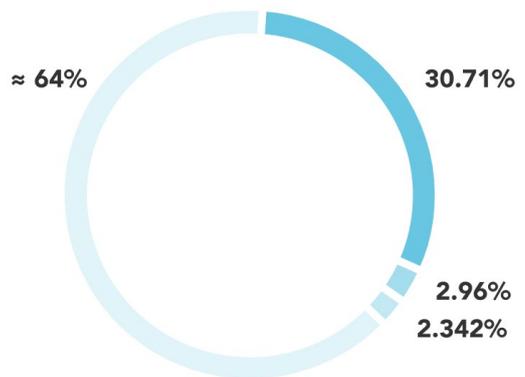
## INDICES

Solvay is included in major indices:

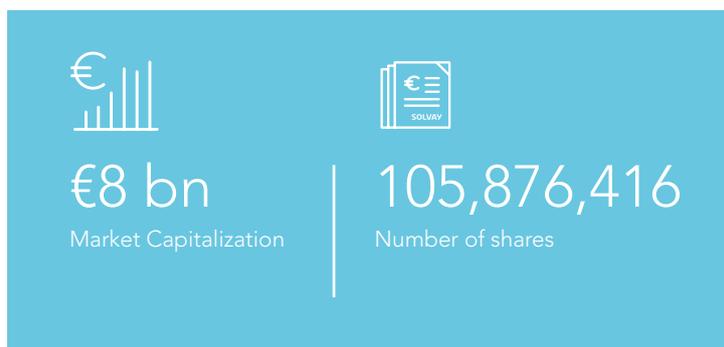
Bel20, STOXX family (DJ Stoxx and DJ Euro Stoxx), MSCI index, Euronext 100 as well as the DJSI World Index and the FTSE4Good, one of the key indices for socially responsible investment.

## SOLVAY OWNERSHIP STRUCTURE

DECEMBER 31, 2019



■ Solvac SA ■ Blackrock Inc. ■ SSOM ■ Other investors



## HOW TO BECOME A SHAREHOLDER OF SOLVAY

Solvay ordinary shares can be held as:

- ▶ **Dematerialized shares:** your shares remain with your financial intermediary, who manages them.
- ▶ **Registered shares:** Your shares are registered directly in Solvay Register, and managed by Solvay Registered Shares Management Service. This type of holding shares enables you to benefit from different advantages.

### HOW TO HOLD SOLVAY ORDINARY SHARES

	Registered shares	Dematerialized shares
Buy or Sell Solvay shares	With your financial intermediary	With your financial intermediary
Hold shares in a single securities account	Impossible	Possible
Custody and administration fees	Free	According to your financial intermediary
Brokerage fee and bank commission	Not applicable	According to your financial intermediary
Invitation to general meetings	Automatic sending	You must contact your financial intermediary
Voting rights	One vote for each share held	One vote for each share held
Dividend	Paid by Solvay's Registered Shares Management Service	Paid by your financial intermediary
Tax reporting form	Sent by the Solvay's Registered Shares Management Service	Sent by your financial intermediary for all your shares

## PURCHASE OR SALE OF SOLVAY SHARES

To buy Solvay shares, you must place an order with your financial intermediary for unregistered shares. If you want to transform your unregistered shares into registered shares, you must send your request to your financial intermediary.

To sell Solvay shares, you must place an order with your financial intermediary for unregistered shares / with your financial intermediary, having first asked the Registered Shares Management Service to transfer the shares to a securities account by means of a signed document for registered shares.

Your order must be worded as clearly as possible and include the following details:



- > Solvay ISIN code: BE0003470755
- > Type of transaction: buy or sell
- > Quantity of shares to be bought or sold
- > Period of validity of the order (good-for-day, good-till-specified, good-till-canceled)
- > Settlement method: cash or deferred settlement
- > Price, depending on the type of order placed

## CONTACT SOLVAY'S REGISTERED SHARES MANAGEMENT SERVICE



BY EMAIL  
[shareholders@solvay.com](mailto:shareholders@solvay.com)



BY PHONE  
+32 2 639 6632

Visit our Shareholders' Corner to find out more information on the shareholders' Frequently Asked Questions and download letter templates to transfer shares into registered or dematerialized shares.

## BENEFITS OF BEING A REGISTERED SHAREHOLDER

Shareholders opting to list stock as registered shares in Solvay register benefit from the following services:

- > Free custody and administration fees
- > Registered shares are not subject to tax on securities accounts
- > Automatic and personalized invitation to the Annual General Meeting
- > Dedicated dividend report
- > Automatic subscription to Solvay Investors' Club & related offering
- > Personalized information in case of special operations, such as, for example, capital increases

## TRANSFER FORMS

Convert your dematerialized shares to registered shares

Ask your financial intermediary to transfer them to the registered Solvay account with Euroclear Belgium. A transfer form is available on our website.

The Registered Shares Management Service will contact you to confirm the registration of your shares in Solvay register.

Convert your registered shares to dematerialized shares

Contact the Registered Shares Management Service or download the transfer form on our website.

Your shares are transferred to the financial intermediary you selected.

➤ [Transfer forms are available on our website:](https://www.solvay.com/en/investors/shareholders-corner/share-registration/frequently-asked-questions)  
<https://www.solvay.com/en/investors/shareholders-corner/share-registration/frequently-asked-questions>

## AMERICAN DEPOSITARY RECEIPTS PROGRAM

Since 2016, Solvay has a sponsored Level I American Depositary Receipt (ADR) program in place which is administered by Citi Bank. The Level I ADR program trades on the US over-the-counter (OTC) markets, under the symbol SOLVY. The ADRs are not listed on a U.S. stock exchange. Each 10 Solvay ADRs represents 1 Solvay Ordinary Share.

### What is an ADR?

An ADR is a receipt representing the right to receive shares of a non-U.S. company. ADRs trade like any other U.S. security, are quoted and pay dividends in U.S. dollars, and provide transparency for U.S. investors by providing Company materials in English.

### Sponsored level I ADR program

Solvay stock is traded under a sponsored level I ADR program on the OTC, thereby offering a higher visibility in the U.S. market, more active trading and greater liquidity.

### How to purchase ADRs

To purchase Solvay ADRs, shareholders may contact a licensed stockbroker just as they would for U.S. securities or may buy directly from our ADR depository bank, Citi Bank, through a Direct Purchase Plan.

The Plan provides first time purchasers and existing shareholders of Solvay ADRs with a convenient and economical way to invest in Solvay. Participants can enjoy the same benefits as an investor who holds physical certificates; they remain the registered owner of the shares and have full control over their investment decisions.

### Your contacts

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## ADR DIVIDENDS

Solvay pays dividends on a semi-annual basis. Exchange-rate fluctuations will affect the U.S. dollar amounts received by holders of ADRs since dividends are declared in euros.

Dividends are paid by check, or they may be directly deposited into a bank account of your choice. Please let your brokerage or Citi Bank know how you would like to receive your dividend.



### DIVIDEND REINVESTMENT PLAN



As a Direct Purchase Plan participant, you may elect to reinvest all or a portion of your cash dividends in additional shares.

Further details are available on the following website:

<https://depositoryreceipts.citi.com/adr/common/file.aspx?id=1248>

## INCOME TAX INFORMATION

Any cash dividends paid to ADR holders on behalf of Solvay will be paid in U.S. dollars and are generally taxable, just like dividends on U.S. shares. Further, cash dividends paid by Solvay are subject to 30% withholding tax under Belgian law as of January 1, 2017. The withholding tax under Belgian law was 27% in 2016.

Under the income tax conventions between the United States & Belgium and Canada & Belgium, United States and Canadian residents are eligible for reduced Belgian withholding tax (for most people, at a rate of 15% rather than the standard 30%).

ADR holders eligible for the refund must be residents of the United States or Canada in accordance with the aforementioned Convention. Contact your broker or tax advisor for more information and any applicable U.S. tax forms.

For more information regarding Belgian tax withholding and the tax reclamation process, please contact The Bank of New York Mellon / GlobeTax at 1-800-915-3536 and/or your tax advisor.

*Our transformation positioned the company to have a more balanced global approach, strengthening our position in the US. Approximately one third of our sales are destined to the US, and our top 5 customers list contains some big US brands. Our asset base has also expanded and the US is now the country which hosts the largest amount of our workforce.*

## AN ATTRACTIVE SHAREHOLDERS' REWARD POLICY

Solvay's policy is to propose a dividend increase to its shareholders whenever possible. For over 35 years, the dividend has been stable or gradually increased, and has never been reduced.

Our yearly dividend is paid in two instalments:

**1** An interim dividend (typically 40% of the previous year's total dividend), plus a balance payment for the final dividend. The interim dividend is announced with the Third Quarter Results and paid in January.

**2** The final dividend is announced in February, along with our Full Year Results, and is paid after the yearly Shareholders' Meeting, in May.

The dividend of registered shareholders will automatically be paid by the Share Register Management Service, while holders of dematerialized shares will receive their dividend via the financial intermediary that manages their shares.

### EVOLUTION OF THE GROSS DIVIDEND OVER THE LAST TEN YEARS

(in euros)



#### KEY 2020 DATES FOR ORDINARY SHARES

Final Dividend

Decision by the Board of Directors  
February 25, 2020

Notification of the operation relative to registered shares, at the latest  
May 11, 2020

Approval at the Annual Shareholders' Meeting  
May 12, 2020

Quotation ex-dividend from  
May 18, 2020

Record date (dematerialized shares)  
May 19, 2020

Payment  
May 20, 2020

# BEING A SOLVAY SHAREHOLDER

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## JOIN SOLVAY INVESTORS' CLUB

OPEN TO EVERYONE

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](#)
- Quartely [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](#), in the 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

# Visit Solvay Shareholders' corner

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:





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