Q1 2020
webcast
Forenote

This presentation may contain forward-looking information. Forward-looking statements describe expectations, plans, strategies, goals, future events or intentions. The achievement of forward-looking statements contained in this presentation 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.

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This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, any securities.
We apply strict safety measures

REMOTE WORKING
✓ Mandatory for all employees where possible.

RESTRICTED ACCESS
✓ To plants and sites limited to critical employees only.
✓ Regular health monitoring.

EPIDEMIC PREVENTION MEASURES
✓ Health education for employees.
✓ Facilitation of strict hygienic practices.
Our response to COVID-19

- Masks: 350,000
- Personal Protection Equipment for HCPs: 114,000
- \( \text{H}_2\text{O}_2 \) disinfectants: 700,000lt
- Sanitizing gel bottles: 1,000,000
- Materials for 6,700 face shields: 6,700

May 6th, 2020
Decisive actions drive results

### Costs

- **€50 million total savings**
  - Indirect spend (⅔)
  - Labor (⅓)

### Cash

- **€202 million FCF generation**
  - ~€300 million above Q1’19
  - Working capital focus

### Customers

#### New business

- Solvay proprietary technology used in COVID testing & vaccine (healthcare)
- Medical grade polymers supplied to Boeing for face shields (healthcare)
- Extended business relationship with Murata (electronics)
- Long term agreement with Honda aircraft (aerospace)
Strong Q1 performance
Supported by focus on cost, cash and customers

NET SALES
- Lower volumes (oil & gas / aero)
- Positive pricing

€2.5bn

UNDERLYING EBITDA; Margins increase to 23%
- Resilient markets (healthcare, home and personal care, agro/food, auto, military)
- Challenges in oil and gas

€569m

FREE CASH FLOW to shareholders, continuing ops
- Disciplined working capital
- Tax benefit
- Lower capital expenditures

€202m
Market Drivers

- Solid demand in automotive, healthcare, consumer goods and military aircraft
- Lower demand in from anticipated production stoppage of the 737MAX program, while other commercial aircraft were stable

Performance Highlights

- Strict cost reduction measures offset a significant part of the volume decline
- Positive price
- EBITDA margin up sequentially
Chemicals
Q1 2020 Performance

Market Drivers
- Good demand in consumer goods, healthcare and food
- Lower demand in building & construction

Performance Highlights
- Lower volumes partly offset by higher prices
- Disciplined focus on cost and operational excellence
- Strong EBITDA supported by higher prices and cost reductions

SOLVAY, 2019 Net Sales by End-Market

<table>
<thead>
<tr>
<th>End-Market</th>
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<tbody>
<tr>
<td>Automotive &amp; Aerospace</td>
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Solutions

Q1 2020 Performance

-6% NET SALES y/y organic

-5% EBITDA y/y organic

17% EBITDA margin

Market Drivers

• Lower demand in oil & gas

• Solid demand in home & personal care, agro/food, coatings, mining, and electronics offset some oil & gas

Performance Highlights

• Lower volumes mainly from oil & gas

• Margin increase to 17.4% thanks to cost control measures

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SOLVAY, 2019 Net Sales by End-Market
Strong free cash flow generation

Record Q1 2020 performance

Q1 2020 FCF to Solvay shareholders at €202 million

- Strict working capital management
- Polyamide divestment proceeds use results in one-off tax gain
- Planned capex reduction plan
# Financial robustness

**Strong cash flow generation, balance sheet, and liquidity**

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<th><strong>Debt</strong></th>
<th><strong>Deleveraging</strong></th>
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<td>● €4 billion (credit+cash)</td>
<td>● Next maturity in June 2021 of €500m hybrid</td>
<td>● €460 million pension contribution</td>
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<td>● No covenants</td>
<td>● Low refinancing risk</td>
<td>● Lowers annual cash out by €60 million</td>
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## Confirmed dividend recommendation
Exceptional times, exceptional measures

Plans in place to address reduced activity levels

Align production rates to lower demand

- Maintain higher utilization rates
- Reduce unit cost of production

Reduce staff on temporary basis

- >15% of workforce furloughed effective May 4
- Includes industrial and admin positions

Strict Capex management

- Reduce full year by €250 million

Q2 results expected to be substantially lower despite mitigation actions
Charitable foundation established

Alleviate COVID-19 hardship

Contribution pledges to date

Personal gestures by directors/leaders/employees

Dividends

• Reference shareholder, SOLVAC: €10m up to €24m
• c. 200 private shareholders: €2m
• Many more shareholders yet to decide
Q&A
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