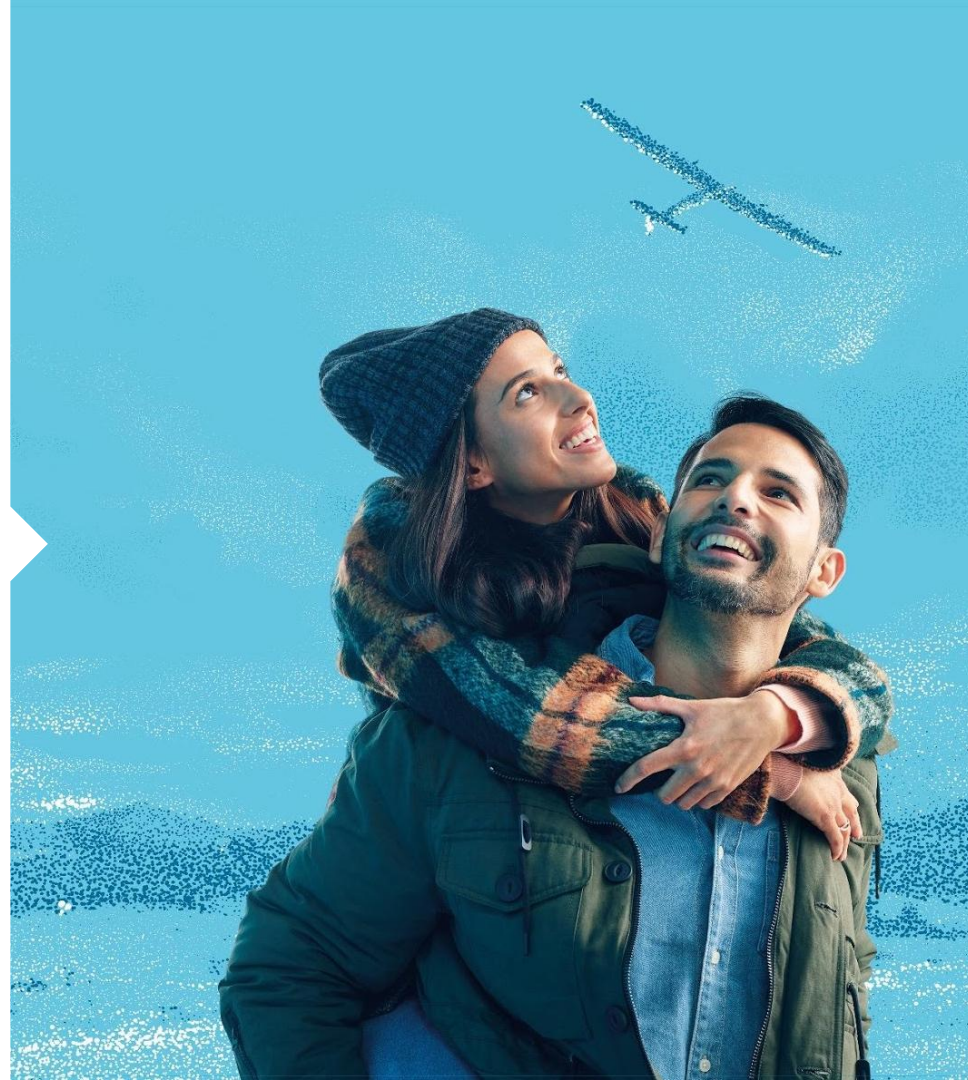




Progress beyond

# Full Year 2020 Results

February 24, 2021





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. Consequently, actual results or future events may differ materially from those expressed or implied by such forward-looking statements.

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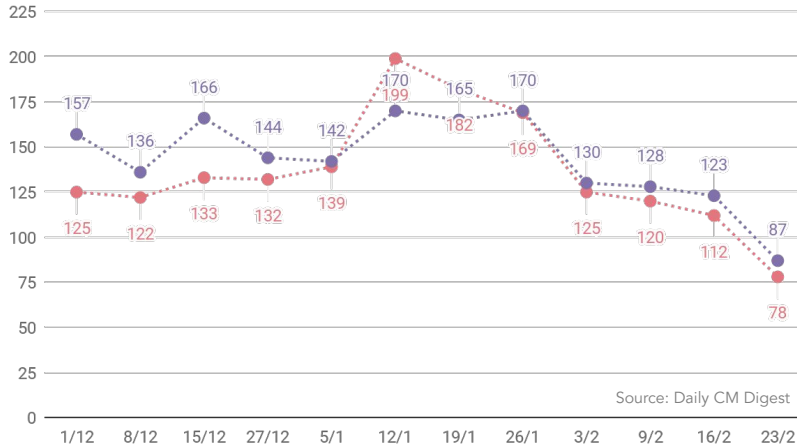
# Health and safety remain our top priority



Likely cases  
quarantine



Confirmed  
cases



Source: Daily CM Digest

## Measures in place

- Safety measures for all our employees
- 10,000 employees working remotely
- Business travel banned, except for critical customer needs



3 consecutive years without fatality

# Trends by end market



Key End Markets	% Solvay 2020 sales	Solvay Q4 2020 trends
Building / Industrial	15%	Demand improvement in flat glass for construction
Automotive	14%	Growth in EV battery applications & silica for tires
Food/Agro/Feed	13%	Growth in Agro; vanillin remains resilient
Home & Personal Care	9%	Demand for bio-based products + innovation drives growth
Electronics	7%	Growth driven by semiconductors
Civil Aerospace	5%	Composite restructuring plans on track to mitigate civil decline
Healthcare	4%	Growth in various applications
Mining	4%	Demand improving yet Covid impact ongoing
Shale Oil & Gas	3%	Turnaround plan supports cost reductions

~75%

# Full Year 2020 Performance

## Record free cash flow and cost delivery



### FREE CASH FLOW

continuing operations

€963<sub>m</sub>

- Disciplined working capital
- Structural improvements
- ~60% higher than 2019

### NET SALES

€8,965<sub>m</sub>

- Resilient portfolio
- Down 10% organic basis
- Down 5% excl civil aero, oil & gas

### UNDERLYING EBITDA

€1,945<sub>m</sub>

- 21.7% EBITDA margin
- High quality earnings due to record cost reductions of €332m and successful pricing actions

# Partnering with our customers to address today's challenges



## New sustainable tire platform

Partnership with Bridgestone



## Innovations Actizone™ & Rhodasurf®

Henkel values Solvay innovations



## Composite structures for zero-emission air taxis

Partnership with Vertical Aerospace



77%

of expected R&I revenue from sustainable solutions



€291M

R&I effort



135

Patent applications

# Solvay One Planet 2020 progress



## CLIMATE

Align GHG emissions with Paris Agreement and SBTi

2018 baseline	2019	2020	Progress vs 2018	2030 targets
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12.6* Mt	12.0 Mt	10.1 Mt	-20% -8% structural	Reduce by 26% (-2%/yr)
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Phase out coal wherever renewable alternatives exist

33 PJ	32 PJ	27 PJ	-18%	Achieve 100%
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Reduce negative pressure on Biodiversity\*\*

121.9	116.2	107	-12%	Reduce by 30%
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## RESOURCES

Increase sustainable solutions, % of Group sales

50%	53%	52%	+2pp	Achieve 65%
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Increase circular economy\*\*\*, % of Group sales

NA	4%	5%	+1pp	More than double
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Reduce non-recoverable industrial waste

96 kt	96 kt	70 kt	-27%	Reduce by 30%
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Reduce intake of freshwater

330 Mm <sup>3</sup>	327 Mm <sup>3</sup>	313 Mm <sup>3</sup>	-5%	Reduce by 25%
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## BETTER LIFE

Safety with a zero accident policy (MTAR indicator)

0.54	0.44	0.40	-26%	Aim for zero
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Accelerate inclusion & diversity, parity in mid & senior management

23.7%	24.3%	24.6%	+0.9pp	Achieve 50% by 2035
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Extend maternity leave time

				to 16 weeks and to all co-parents by 2021
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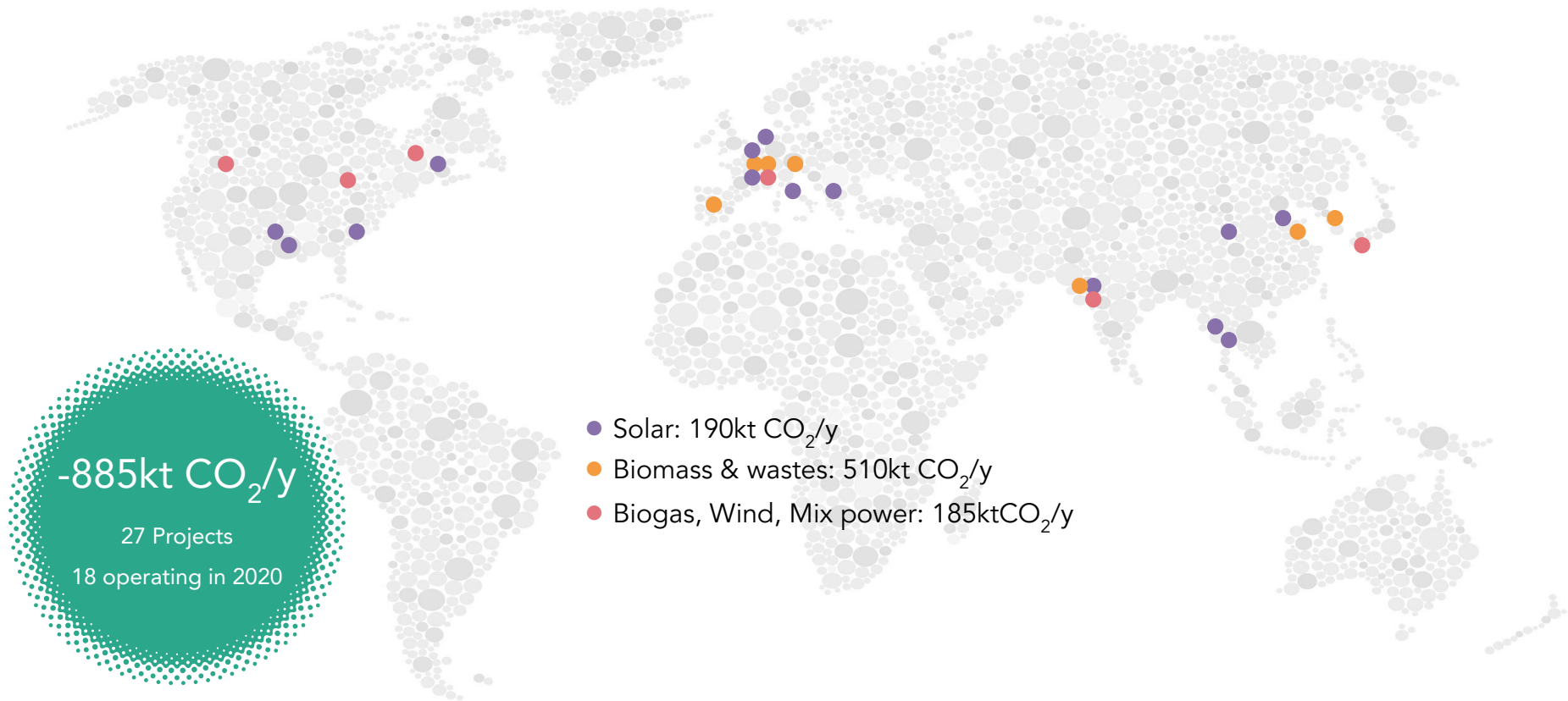
\* Restated from 12.3 Mt due to IFRS change in scope

\*\* ReCiPe method for biodiversity impact assessment (under development)

\*\*\* Circular economy indicators have been adapted to align with the Circulytics® developed by the Ellen MacArthur Foundation.

# Accelerating our Carbon Footprint reduction

## 2019 - 2020 programs



-885kt CO<sub>2</sub>/y

27 Projects

18 operating in 2020



# Materials

## Q4 2020 performance



**-13%** Net sales  
*y/y organic*



**-11%** EBITDA  
*y/y organic*



**25%** EBITDA  
margin

Net sales	vs Q3'20	YoY
Specialty Polymers	+7.7%	+1.5%
Composite Materials	-10.4%	-45%
<b>Materials</b>	<b>+2.3%</b>	<b>-17.1%</b>

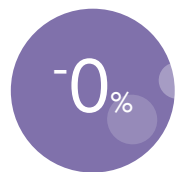
- Headwinds in civil aero while defense remains resilient
- Volumes growth driven by strong demand in the automotive in Q4
- Double-digit growth in batteries for hybrid and electric vehicles
- Healthcare, consumer goods, & electronics resilient through crisis
- Significant cost actions and sustained pricing support margins

### Net sales by end-market

	Group	Materials
Automotive & Aerospace	22%	48%
Industrial applications	20%	11%
Consumer goods, Home, Personal & Health care	18%	12%
Agro, Feed & Food	13%	3%
Resources & environment	12%	8%
Building	8%	4%
Electronics	7%	13%

# Chemicals

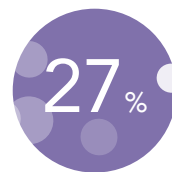
## Q4 2020 performance



**Net sales**  
*y/y organic*



**EBITDA**  
*y/y organic*



**EBITDA margin**

Net sales	vs Q3'20	YoY
Soda Ash & Derivatives	+2.7%	-12.8%
Peroxides	+4.2%	-2.6%
Coatis	+10.6%	+3.1%
Silica	+10.8%	+0.6%
<b>Chemicals</b>	<b>+5.4%</b>	<b>-6.3%</b>

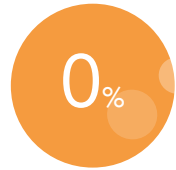
- Volumes were flat organically due mainly to impact from currency fluctuations
- Increased demand for flat glass used in construction offset by lower demand for container glass
- Growth in Peroxides HPPO for industrial applications
- Significant sequential improvement in demand for silica for tires
- Cost mitigation measures supported sustained margins

### Net sales by end-market

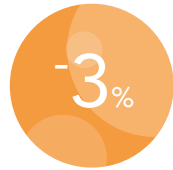
	Group	Chemicals
Automotive & Aerospace	22%	14%
Industrial applications	20%	23%
Consumer goods, Home, Personal & Health care	18%	23%
Agro, Feed & Food	13%	19%
Resources & environment	12%	9%
Building	8%	11%
Electronics	7%	0%

# Solutions

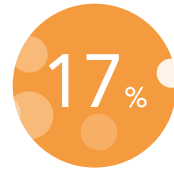
## Q4 2020 performance



**Net sales**  
*y/y organic*



**EBITDA**  
*y/y organic*



**EBITDA margin**

Net sales	vs Q3'20	YoY
Novelcare	+5.3%	-4.2%
Special Chem	+19.1%	-2.7%
Technology Solutions	+6.4%	-11.1%
Aroma Performance	-2.4%	-7%
<b>Solutions</b>	<b>+7.6%</b>	<b>-5.4%</b>

- Volume growth more than offset by currency fluctuations
- Growth in Special Chem driven by strong demand in automotive, share gain in China and electronics
- Growth in home & personal care, agro, coatings within Novelcare
- Oil & gas has improved sequentially in Q4
- Cost control actions and pricing initiatives drove higher margin

### Net sales by end-market

	Group	Solutions
Automotive & Aerospace	22%	8%
Industrial applications	20%	24%
Consumer goods, Home, Personal & Health care	18%	17%
Agro, Feed & Food	13%	16%
Resources & environment	12%	19%
Building	8%	9%
Electronics	7%	7%

# 2020 Cost savings



Full Year 2020

€175m

Structural  
measures



€157m

Temporary  
measures

## Permanent structural levers (€175m)

- 50% Restructuring
- 35% Indirect Spend
- 15% Productivity & Efficiency
- Includes €19 million variable costs reduction

## Temporary levers (€157m)

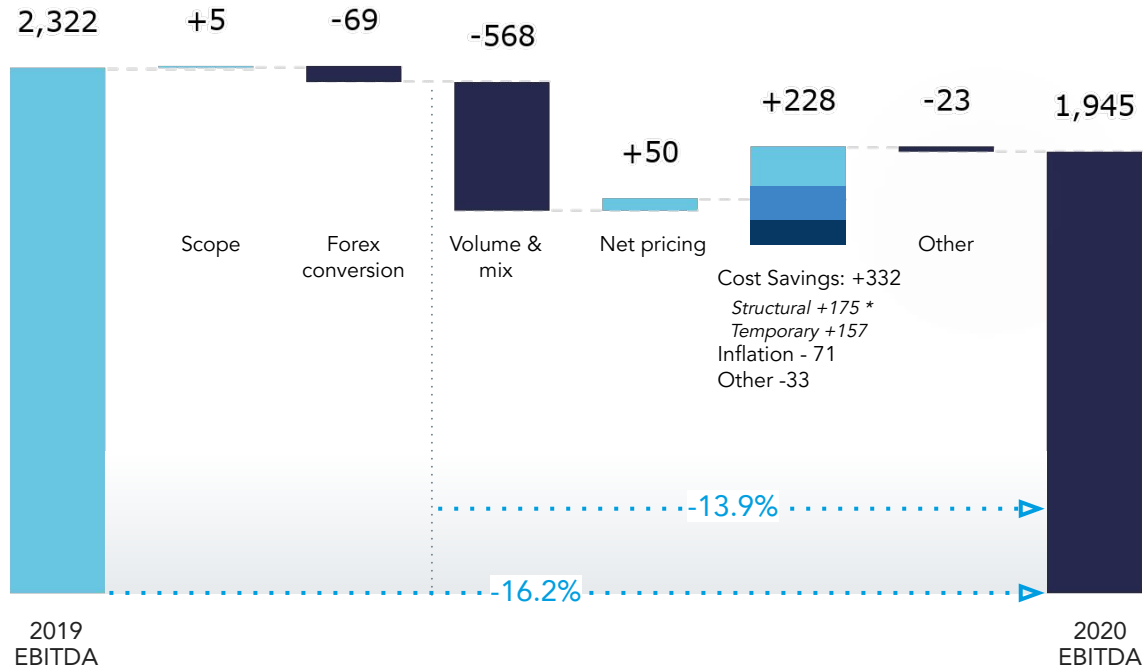
- Furloughs
- Salary freeze & reductions
- Discretionary costs

Full Year 2020

€332m

more than offset inflation of €71 million

# Group's performance evolution



## 2020 earnings demonstrated

- quality of our portfolio
- our strength of delivery
- despite significant headwinds

# Strong free cash flow generation

Driven by disciplined working capital management & cost saving programs



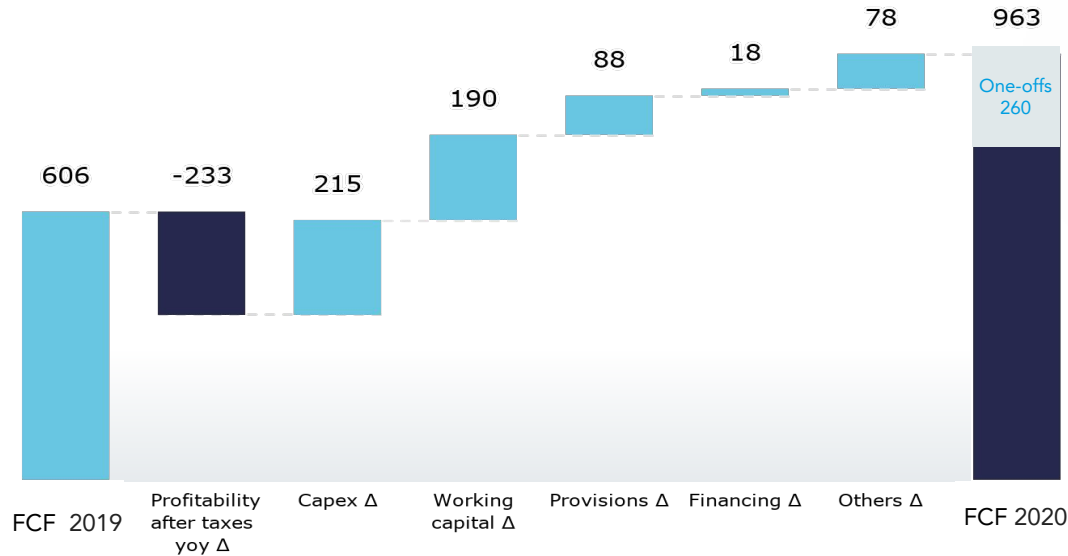
€963m in 2020

vs. €606m in 2019

## Main drivers

- Working capital discipline
- Effective capex management
- Cost reductions
- Adapted investments
- Lower pension cash costs & taxes

Key enabler to **delever**  
net debt by **€1.2bn** in  
2020



Year over year levers

# Outlook: Poised for the rebound



## FY COSTS

Cost savings of  
~€150m gross

## Q1 EBITDA

In a range between  
€520 and €550m

## FY FREE CASH FLOW

In a range between  
€600m and €650m



### Financial assumptions

#### full-year 2021

- EBITDA ⇒ Scope and Forex effect of €-120 million
- Free Cash Flow ⇒ Capex is estimated up to €750 million, higher restructuring costs (€60 million) and lower pensions and interests charges (€90 million)

# Q&A



Progress beyond



# Thank you.



Progress beyond

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