

July 29, 2021 at 7 a.m. CEST

## Solvay 2021 first half results

*Solvay raises full year guidance following double-digit sales and EBITDA growth in Q2 2021*

### Highlights

- **Net sales** in the second quarter of 2021 were up +20% organically versus Q2 2020 and back to 2019 levels in most markets with particularly strong demand in automotive, electronics and building industries. Excluding composites and oil & gas, sales were up +22% versus Q2 2020 and up +6% versus Q2 2019.
- **Structural cost savings** of €51 million were delivered in Q2, totaling €131 million in the first half 2021, on track to meet the projected annual savings of €200 million.
- **Underlying EBITDA** of €602 million in Q2 2021 was up +47% year on year on a comparable scope and foreign exchange basis, reflecting strong demand and continued cost reductions. First half 2021 EBITDA is 5% higher than first half 2019.
- **EBITDA margin** of 24.5% is 4.3 percentage points higher than Q2 2020 as a result of the higher volumes and structural cost measures, though rising raw material, energy and logistics costs impacted Q2 by approximately €50 million.
- **Underlying Net Profit** was €276 million in Q2 2021, more than double the delivery in Q2 2020.
- **Free Cash Flow** was €135 million in Q2 2021 reflecting the expected seasonal payments of employee bonuses and higher financial charges. Excluding scope and one-time benefits in 2020, first half 2021 FCF of €417 million was around 25% stronger than in H1 2020.
- **Portfolio simplification** continues, with the divestment of six business lines and the completion of a bolt-on acquisition in Agro.
- **Solvay ONE Planet** extends the 'better life' pillar with the launch of [Solvay ONE Dignity](#), which includes nine goals by 2025 to accelerate Diversity, Equity and Inclusion.

Underlying (in € million)	Second quarter					First half				
	2021	2020	2019	% org 21/20	% org 21/19	2021	2020	2019	% org 21/20	% org 21/19
<b>Net sales</b>	2,456	2,175	2,654	+20.4%	-1.4%	4,829	4,649	5,225	+10.5%	-2.3%
<b>EBITDA</b>	602	439	624	+47.4%	+3.3%	1,185	1,008	1,195	+26.5%	+5.0%
<b>EBITDA margin</b>	24.5%	20.2%	23.5%	-	-	24.5%	21.7%	22.9%	-	-
<b>FCF</b>	135	233	123	-	-	417	435	33	-	-
<b>FCF conversion ratio (LTM)</b>	46.1%	49.0%	28.2%	-	-	46.1%	49.0%	28.2%	-	-

### CEO Quote

"I'm proud of our team's determination to take full advantage of the robust demand environment as we drive strong top line growth, with June volumes surpassing 2019 levels. Our structural cost actions and pricing initiatives sustained our leading margins in the quarter. Further, our disciplined approach to cash management is contributing to continued deleveraging. As we look ahead, we remain focused on mitigating the inflationary environment, and on reinvesting in our key growth areas including batteries and electronics, which will drive superior growth across the mid-term."

### 2021<sup>1</sup> Outlook

Full year underlying EBITDA estimate is increased from €2.0 to €2.2 billion previously to €2.2 to €2.3 billion. Free Cash Flow estimate is increased from €650 million previously to around €750 million.

[Register to the webcast scheduled at 13:00 CEST here](#) - [Link to financial report](#) - [Link to financial calendar](#)

<sup>1</sup> Barring additional deterioration related to another wave of Covid-19 in the second half.

## Key figures

<i>Underlying, in € million</i>	Q2 2021	Q2 2020	% yoy	H1 2021	H1 2020	% yoy
<b>Net sales</b>	2,456	2,175	+12.9%	4,829	4,649	+3.9%
<b>EBITDA</b>	602	439	+37.1%	1,185	1,008	+17.6%
<i>EBITDA margin</i>	24.5%	20.2%	+4.3pp	24.5%	21.7%	+2.9pp
<b>EBIT</b>	424	202	n.m.	805	573	+40.5%
Net financial charges	-54	-64	+16.4%	-117	-133	+12.3%
Income tax expenses	-83	-22	n.m.	-154	-99	-55.9%
<i>Tax rate</i>				24.2%	23.8%	+0.4pp
<b>Profit / (loss) attributable to Solvay shareholders</b>	276	109	n.m.	517	345	+49.6%
<b>Basic EPS from continuing operations (in €)</b>	2.67	1.06	n.m.	4.99	3.14	+59.1%
<b>Capex in continuing operations</b>	141	132	+7.0%	241	295	-18.2%
<b>FCF to Solvay shareholders from continuing operations</b>	135	233	-42.1%	417	435	-4.1%
FCF to Solvay shareholders (total)	123	234	-47.3%	406	431	-5.9%
FCF conversion ratio (LTM)				46.1%	49.0%	-3.0pp
<b>Net financial debt</b>				4,221		

## Group performance

**Net sales** of €2,456 million in Q2 2021 increased 13% versus Q2 2020 thanks to volume recovery across most businesses, offset partially by negative currency (€71 million) and scope (€64 million) impacts, equating to year-on-year organic growth of 20%. Strong demand continued from the first quarter into the second quarter across most markets driven by automotive, electronics, and building industries, while composite materials sales are down 21% versus Q2 2020 when the crisis began to impact civil aircraft production. Geographically, all regions delivered double-digit organic sales growth, with Europe up by 23%, North America up 17%, Latin America up by 54% and Asia Pacific by 12% versus the second quarter 2020.

**Underlying EBITDA** of €602 million in Q2 2021 was up +37.1% as a result of the higher sales volumes, offset partially by scope and foreign exchange, or +47% organically year on year. Structural cost savings supported the sustained EBITDA margin of 24.5% in the second quarter despite higher cost of raw materials, energy and logistics.

**Free cash flow** to shareholders from continuing operations reached €135 million in the second quarter, reflecting payments of employee bonuses and the usual seasonally higher financial charges. Free cash flow in the first half of 2021 was €417 million, 25% higher than first half 2020 excluding scope and currency and one-time impacts in 2020.

**Underlying net financial debt** was stable at €4.2 billion in the first half 2021, with free cash flow and proceeds from divestments more than offsetting the dividend payment.

**Provisions** decreased by €320 million to €2.77 billion compared to December 2020, primarily reflecting the impact from higher discount rates. The €234 million of net new liabilities mainly relates to the restructuring provisions recorded in Q1 2021. Additional voluntary contributions in H1 2021 amounted to €102 million, and will be followed by two last tranches of €150 million each in the next 12 months.

## Performance by segment

### Net sales bridges

(in € million)	H1 2020	Scope	Forex	Volume	Price	H1 2021	Yoy %	Organic %
Materials	1,470	-27	-64	+32	-11	1,400	-4.8%	+1.5%
Chemicals	1,458	-18	-68	+194	+44	1,610	+10.4%	+17.3%
Solutions	1,717	-34	-69	+201	+1	1,815	+5.7%	+12.5%
Corporate	3	-	-	+1	-	4	+14.6%	+23.8%
<b>Solvay</b>	<b>4,649</b>	<b>-80</b>	<b>-201</b>	<b>+427</b>	<b>+33</b>	<b>4,829</b>	<b>+3.9%</b>	<b>+10.5%</b>

(in € million)	Q2 2020	Scope	Forex	Volume	Price	Q2 2021	Yoy %	Organic %
Materials	681	-19	-28	+83	-6	711	+4.4%	+12.1%
Chemicals	658	-15	-16	+165	+27	820	+24.5%	+30.6%
Solutions	834	-30	-27	+140	+8	925	+10.9%	+19.1%
Corporate	2	-	-	-1	-	1	-36.2%	-30.6%
<b>Solvay</b>	<b>2,175</b>	<b>-64</b>	<b>-71</b>	<b>+387</b>	<b>+29</b>	<b>2,456</b>	<b>+12.9%</b>	<b>+20.4%</b>

### Materials

Segment sales in Q2 2021 increased by 4% (+12% organically) driven by strong demand for Specialty Polymers leading to record second quarter sales, offset partially by reduced composites sales related to civil aerospace.

Sales in Specialty Polymers increased by +16% (+20% organically) compared to the second quarter of 2020, and 5% sequentially versus Q1 2021. Strong demand for polymers used in automotive drove the record performance, with sales up 57% in this market. Sales to batteries for hybrid and electric vehicles continued strong momentum, growing 82% in the second quarter versus the prior year period. Polymers used in electronics and in consumer goods also showed double-digit growth.

As anticipated, Composite materials sales were down 21% year on year (-8% organically due to scope) due to lower civil aircraft production, as the effects from Covid-19 were not fully represented in Q2 2020. Composites used in the defense sector remained resilient.

Segment EBITDA increased by 29% (+35% organically) compared to Q2 2020, and increased 7% sequentially versus Q1 2021. The significant improvement was driven by strong volumes in Specialty Polymers and further supported by structural cost reductions across the segment leading to 31% EBITDA margins in the second quarter.

### Chemicals

Segment sales in Q2 2021 were up by 25% (+31% organically) with each business significantly up versus Q2 2020.

Soda Ash sales were up 8% (+10% organically) thanks to the continued recovery in flat glass, while the container glass market remained soft. Record sales of Bicar in June due to strong SOLVAir business used in flue gas treatment and strong U.S. power demand amid high natural gas prices, making the switch to coal more profitable.

Peroxides sales were up modestly at 2% (+17% organically due to scope), with volumes up by 15% as a result of demand recovery across all regions and applications, supported by our HPPO mega plants running at full capacity.

Coatis had another exceptional quarter, with sales up 92% (+98% organically) due to higher volumes and higher prices with favorable trends from Q1 continuing into Q2.

Silica sales grew by 68% (+70% organically) thanks to strong demand for replacement tires and also as a result of recent market share gains in higher specialty grades. Sales were significantly ahead of 2019 levels.

Segment EBITDA was up by 49% (+58% organically) versus Q2 2020 thanks to higher volumes across all of the businesses. Performance was further supported by higher pricing in Coatis as well as contributions from Rusvinyl due to continuing strength in PVC demand. As a result of the widespread growth and cost actions, the Chemicals segment delivered an EBITDA margin of 30.4% in the second quarter.

## Solutions

Sales in the second quarter of 2021 were up +11% (+19% organically) driven by strong demand across many markets including automotive, electronics, and mining.

Second quarter sales in Novecare increased by +11% (+21% organically) year on year. Growth was driven by higher volumes across all markets, led by growth in Coatings and Building industries. Oil & gas improved sequentially by +10% versus Q1, and by 48% year on year.

Special Chem sales increased +21% (organically by +33%) year on year thanks to the continued strong volumes in the automotive and semiconductors industries.

Technology Solutions sales increased by +15% (+17% organically) compared to Q2 2020 thanks to continued strong production levels supported by high demand for our extractant solutions and supportive copper prices.

Aroma Performance sales were stable sequentially in Q2 versus Q1 but were down 8% (-5% organically) compared to a very strong Q2 2020, while food & beverage, flavors & fragrances demand remains strong.

Second quarter EBITDA in the segment was up +29% (+42% organically) year and year, continuing on the solid trend seen across most markets in Q1 2021. EBITDA margin in the segment was up +2.5pp to 18.5% in Q2 2021, once again reflecting both sales momentum and our cost reduction improvements.

## Key segment figures

<i>(in € million)</i>	Underlying					
	Q2 2021	Q2 2020	% yoy	H1 2021	H1 2020	% yoy
<b>Net sales</b>	<b>2,456</b>	<b>2,175</b>	<b>+12.9%</b>	<b>4,829</b>	<b>4,649</b>	<b>+3.9%</b>
Materials	711	681	+4.4%	1,400	1,470	-4.8%
Specialty Polymers	536	462	+16.2%	1,047	942	+11.1%
Composite Materials	175	220	-20.5%	352	528	-33.2%
Chemicals	820	658	+24.5%	1,610	1,458	+10.4%
Soda Ash & Derivatives	378	350	+8.0%	745	740	+0.7%
Peroxides	153	150	+2.0%	305	321	-5.0%
Coatis	177	92	+92.4%	334	220	+52.2%
Silica	112	67	+67.8%	226	177	+27.1%
Solutions	925	834	+10.9%	1,815	1,717	+5.7%
Novecare	443	399	+11.0%	859	820	+4.7%
Special Chem	210	174	+20.5%	421	380	+10.8%
Technology Solutions	162	141	+14.7%	316	281	+12.1%
Aroma Performance	110	119	-7.9%	220	235	-6.5%
Corporate	1	2	-36.2%	4	3	+14.6%
<b>EBITDA</b>	<b>602</b>	<b>439</b>	<b>+37.1%</b>	<b>1,185</b>	<b>1,008</b>	<b>+17.6%</b>
Materials	220	170	+29.3%	426	398	+7.0%
Chemicals	249	167	+49.4%	489	405	+20.6%
Solutions	171	133	+28.6%	344	287	+19.9%
Corporate	-38	-31	-23.7%	-74	-83	+10.3%
<b>EBITDA margin</b>	<b>24.5%</b>	<b>20.2%</b>	<b>+4.3pp</b>	<b>24.5%</b>	<b>21.7%</b>	<b>+2.9pp</b>
Materials	31.0%	25.0%	+6.0pp	30.4%	27.1%	+3.4pp
Chemicals	30.4%	25.3%	+5.1pp	30.4%	27.8%	+2.6pp
Solutions	18.5%	16.0%	+2.5pp	19.0%	16.7%	+2.2pp

## Key IFRS figures

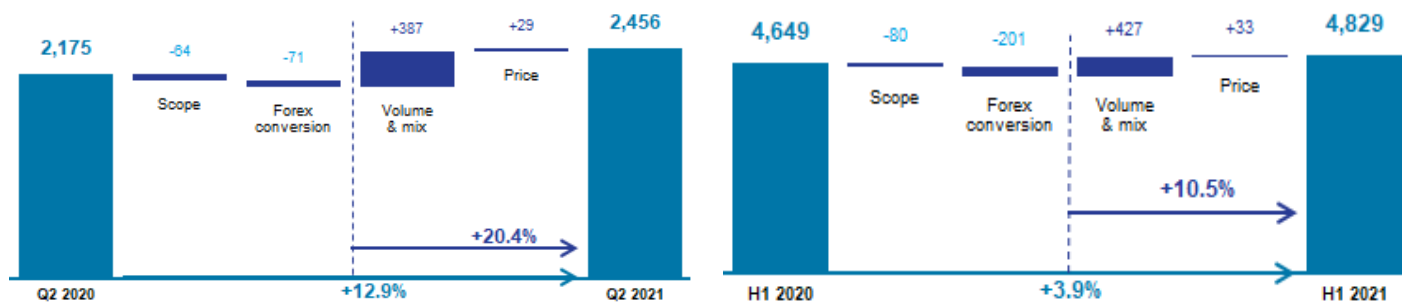
As announced on June 24, 2020, a non-cash impairment charge of €1.46 billion was recorded in Q2 2020. As a result, the underlying profit/(loss) attributable to Solvay shareholders was €109 million in Q2 2020, whereas it totaled €-1,540 million on an IFRS basis. Further details are available in the financial report of Q2 2020.

H1 key figures (in € million)	IFRS			Underlying		
	H1 2021	H1 2020	% yoy	H1 2021	H1 2020	% yoy
<b>Net sales</b>	<b>4,829</b>	<b>4,649</b>	<b>3.9%</b>	<b>4,829</b>	<b>4,649</b>	<b>+3.9%</b>
<b>EBITDA</b>	<b>964</b>	<b>883</b>	<b>+9.1%</b>	<b>1,185</b>	<b>1,008</b>	<b>+17.6%</b>
<i>EBITDA margin</i>				24.5%	21.7%	+2.9pp
<b>EBIT</b>	<b>502</b>	<b>-1,114</b>	<b>n.m.</b>	<b>805</b>	<b>573</b>	<b>+40.5%</b>
Net financial charges	-58	-72	+19.9%	-117	-133	+12.3%
Income tax expenses	-98	-203	+51.8%	-154	-99	-55.9%
<i>Tax rate</i>				24.2%	23.8%	+0.4pp
<b>Profit / (loss) attributable to Solvay shareholders</b>	<b>326</b>	<b>-1,290</b>	<b>n.m.</b>	<b>517</b>	<b>345</b>	<b>+49.6%</b>
<b>Basic EPS, from continuing operations (in €)</b>	<b>3.16</b>	<b>-13.64</b>	<b>n.m.</b>	<b>4.99</b>	<b>3.14</b>	<b>+59.1%</b>

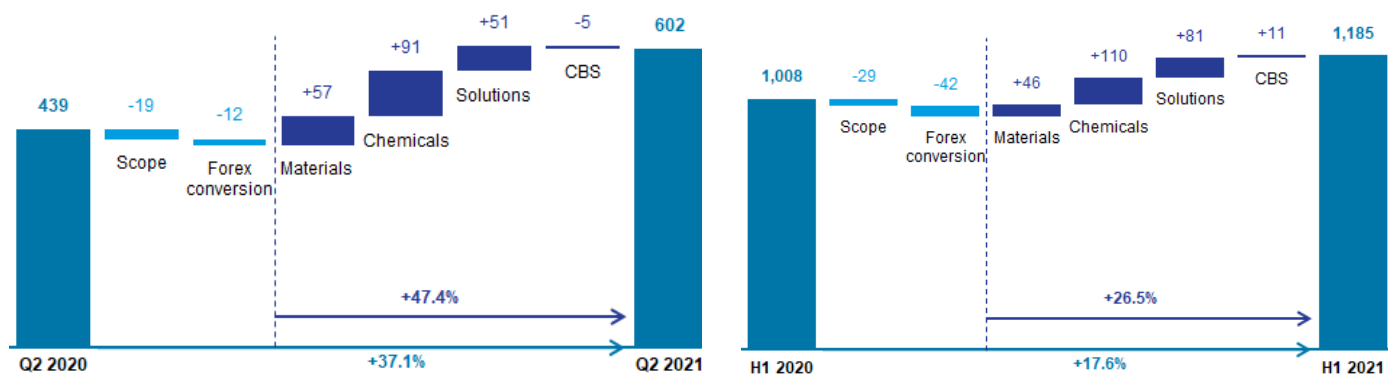
Q2 key figures (in € million)	IFRS			Underlying		
	Q2 2021	Q2 2020	% yoy	Q2 2021	Q2 2020	% yoy
<b>Net sales</b>	<b>2,456</b>	<b>2,175</b>	<b>+12.9%</b>	<b>2,456</b>	<b>2,175</b>	<b>+12.9%</b>
<b>EBITDA</b>	<b>550</b>	<b>398</b>	<b>+38.2%</b>	<b>602</b>	<b>439</b>	<b>+37.1%</b>
<i>EBITDA margin</i>				24.5%	20.2%	+4.3pp
<b>EBIT</b>	<b>333</b>	<b>-1,347</b>	<b>n.m.</b>	<b>424</b>	<b>202</b>	<b>n.m.</b>
Net financial charges	-28	-45	+38.9%	-54	-64	+16.4%
Income tax expenses	-72	-155	+53.5%	-83	-22	n.m.
<b>Profit / (loss) attributable to Solvay shareholders</b>	<b>222</b>	<b>-1,540</b>	<b>n.m.</b>	<b>276</b>	<b>109</b>	<b>n.m.</b>
<b>Basic EPS, from continuing operations (in €)</b>	<b>2.15</b>	<b>-15.08</b>	<b>n.m.</b>	<b>2.67</b>	<b>1.06</b>	<b>n.m.</b>

## Supplemental information: bridges

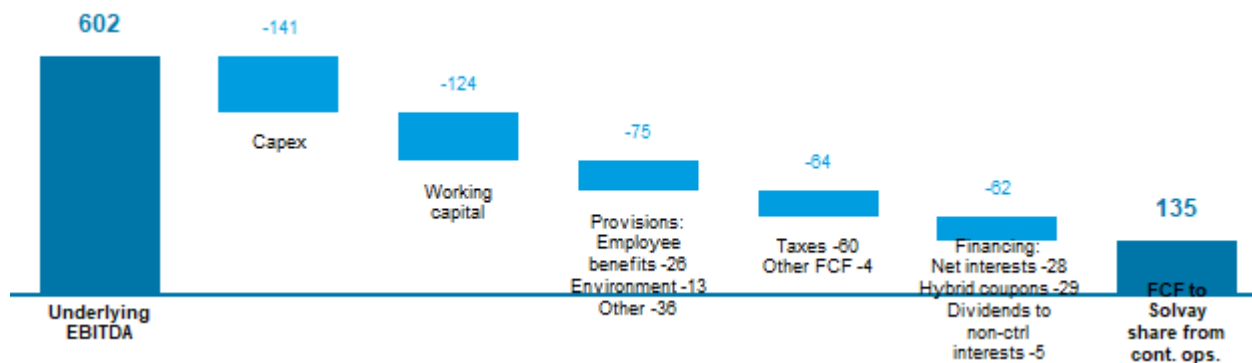
### Net Sales



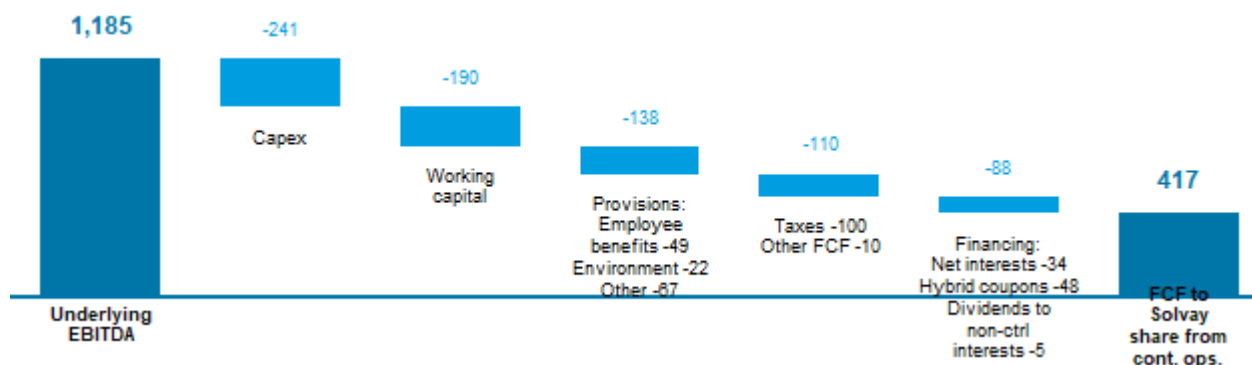
### Underlying EBITDA



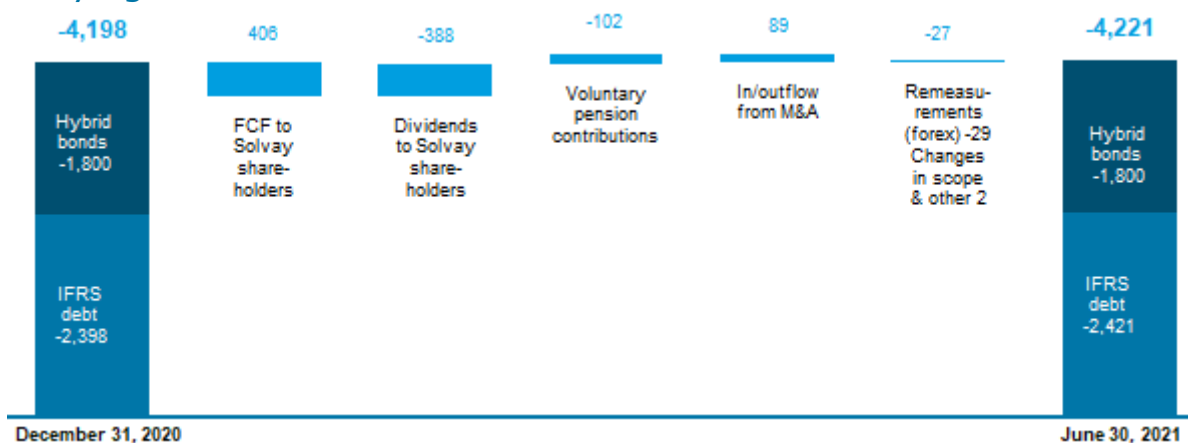
### Free cash flow Q2 2021



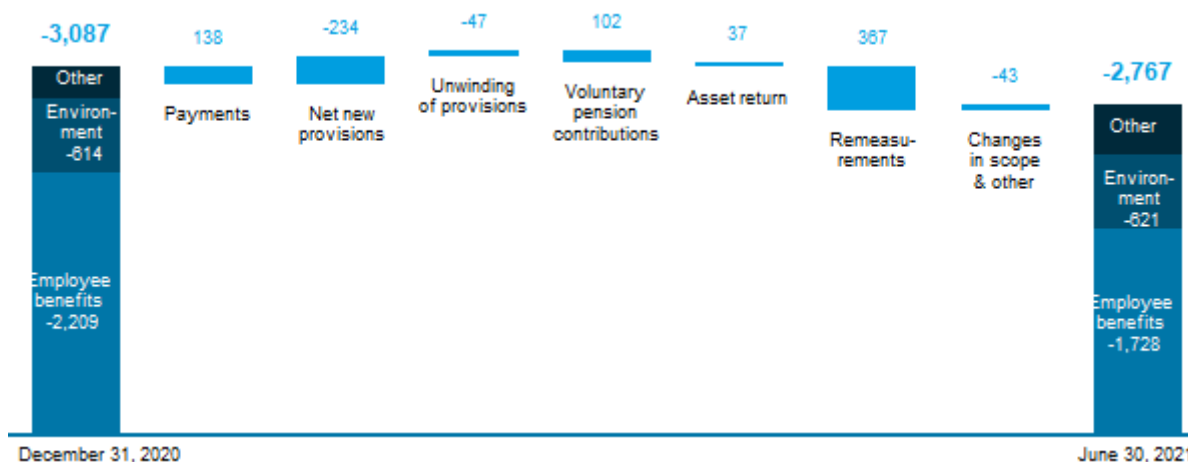
### H1 2021



## Underlying net debt



## Provisions



## Glossary

**EPS** is earnings per share.

**Extra-financial indicators:** Indicators used to measure the sustainability performance of the company in complement to financial indicators. Solvay has selected 10 indicators that are included in the ONE Planet initiative. For more information, we refer to the last available annual report available on [www.solvay.com](http://www.solvay.com).

**Free cash flow (FCF)** is the free cash flow after payment of net interests, coupons of perpetual hybrid bonds and dividends to non-controlling interests. This represents the cash flow available to Solvay shareholders, to pay their dividend and/or to reduce the net financial debt.

**Free cash flow conversion ratio** is calculated as the ratio between the free cash flow to Solvay shareholders of the last rolling 12 months (before netting of dividends paid to non-controlling interest) and the underlying EBITDA of the last rolling 12 months.

**Organic growth** excludes forex (foreign exchange conversion) and scope effects related to small M&A not leading to restatements.

**Underlying figures** adjust IFRS figures for the non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions, for the coupons of perpetual hybrid bonds classified as equity under IFRS but treated as debt in the underlying statements, and for other elements to generate a measure that avoids distortion and facilitates the appreciation of performance and comparability of results over time.

**Underlying net financial charges** include the coupons on perpetual hybrid bonds (accounted as dividends under IFRS, and thereby excluded from the income statement), as well as the financial charges and realized foreign exchange losses from the RusVinyl joint venture (part of earnings from associates under IFRS, and thereby included in the IFRS EBITDA).

**Underlying net financial debt** includes the perpetual hybrid bonds, accounted for as equity under IFRS.



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### About Solvay

Solvay is a science company whose technologies bring benefits to many aspects of daily life. With more than 23,000 employees in 64 countries, Solvay bonds people, ideas and elements to reinvent progress. The Group seeks to create sustainable shared value for all, notably through its Solvay One Planet plan crafted around three pillars: protecting the climate, preserving resources and fostering better life. The Group's innovative solutions contribute to safer, cleaner, and more sustainable products found in homes, food and consumer goods, planes, cars, batteries, smart devices, health care applications, water and air purification systems. Founded in 1863, Solvay today ranks among the world's top three companies for the vast majority of its activities and delivered net sales of €9.0 billion in 2020. Solvay is listed on Euronext Brussels (SOLB) and Paris and in the United States, where its shares (SOLVY) are traded through a Level I ADR program. Learn more at [www.solvay.com](http://www.solvay.com).

### About Solvay Investor Relations

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