



# Second Quarter 2022 Results

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**Dr. Ilham Kadri**

CEO and President of the Executive  
Leadership Team of Solvay



**Karim Hajjar**

CFO of Solvay

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# Second quarter 2022 performance

*+33% sales growth driven by price and volume leads to record EBITDA*



Net Sales

€3.5<sub>bn</sub>

- +33% organically yoy
- +26% driven by pricing
- +6% driven by volumes

EBITDA

Underlying

€864<sub>m</sub>

- Up by +35% organically yoy
- 24.8% EBITDA margin

Free  
Cash Flow

Continuing operations

€257<sub>m</sub>

- 13th quarter of positive FCF
- FCF conversion at 34.5%

ROCE

Return on  
capital employed

13.7%

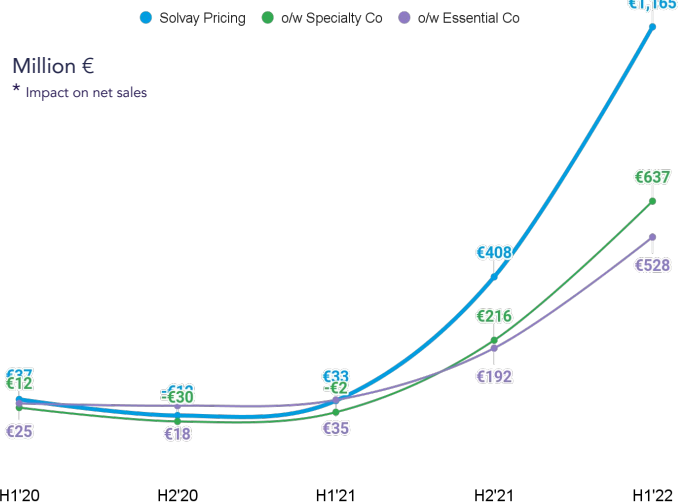
- New record level
- vs 11.4% at the end of 2021

# Strong pricing continued in Q2 2022

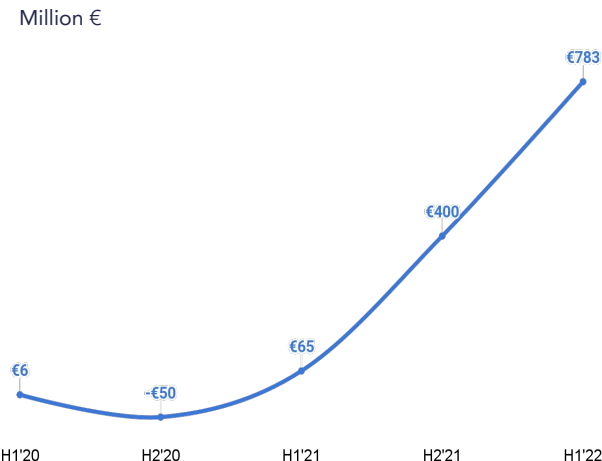
€690m in price overcame €414m of inflationary costs



## Pricing



## Variable costs



in € million	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Solvay Pricing	€13	€23	€1	-€13	€4	€29	€139	€269	€475	€690
Variable costs	€2	-€8	€30	€19	-€15	-€50	-€145	-€255	-€369	-€414
Solvay Net Pricing	€15	€16	€32	€6	-€11	-€21	-€6	€14	€106	€276

# Gearing toward net zero emissions with new scope 3 target



-24%

scope 3 GHG  
emissions by 2030\*

## Our supplier engagement program

300  
participants

136  
participating companies

20 out of 69  
identified projects are underway

## Circular economy partnerships

Solvay, Veolia and  
Renault collaboration  
to recycle EV batteries

in partnership with  
the Ellen MacArthur Foundation

Carbios partnership  
to recycle PVDC films  
packaging

# Innovations, investments, and customers that support our future growth



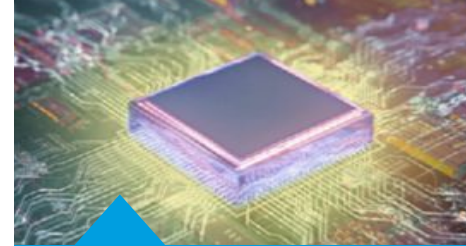
## Deploying sustainable solutions

- Commitment to phase out use of fluorosurfactants globally



## Customer recognition

- Boeing
- Lockheed Martin
- Samsung
- Oxiteno

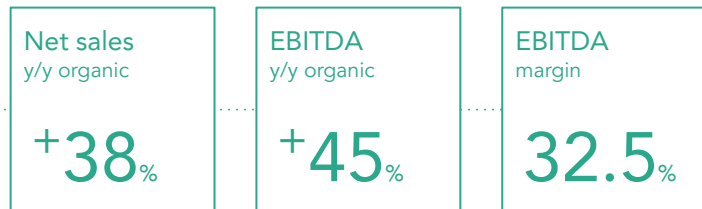


## Investing for growth

- Greenfield site in USA (Arizona) for new  $eH_2O_2$  operations to support semiconductor industry

# Materials

## Q2 2022 performance



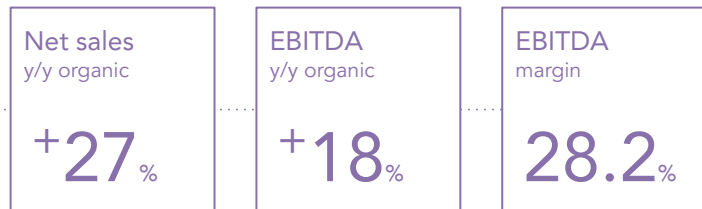
### Highlights

- Specialty Polymers sales increased significantly to a new record, reflecting continued strong demand in all markets, and most notably automotive, batteries, medical devices, and electronics
- Composite Materials sales increased driven by the continued recovery in civil aerospace due to higher production of single-aisle aircrafts, yet continues to face supply chain challenges
- Q2 2022 EBITDA margin was up +1.5pp to 32.5% supported by higher volumes and successful price actions

Net sales	Q2 2022 (€m)	% YoY	% YoY organic
Specialty Polymers	810	+51%	+43%
Composite Materials	238	+36%	+24%
<b>Materials</b>	<b>1,048</b>	<b>+47%</b>	<b>+38%</b>

# Chemicals

## Q2 2022 performance



### Highlights

- Higher sales in Soda Ash & Derivatives driven by necessary price actions to offset significant rise in raw material and energy costs
- Peroxides sales driven by strong demand in the pulp & paper market in North America and supported by price actions
- Higher volumes and pricing led to the significant growth in Silica; Coatis continues to see strong demand
- Q2 2022 EBITDA margin was down -2.2pp to 28.2%

Net sales	Q2 2022 (€m)	% YoY	% YoY organic
Soda Ash & Deriv.	535	+42%	+35%
Peroxides	179	+17%	+10%
Coatis	237	+34%	+17%
Silica	168	+50%	+43%
<b>Chemicals</b>	<b>1,118</b>	<b>+36%</b>	<b>+27%</b>



# Solutions

## Q2 2022 performance



Net sales  
y/y organic

+33%

EBITDA  
y/y organic

+58%

EBITDA  
margin

22.3%

Net sales	Q2 2022 (€m)	% YoY	% YoY organic
Novecare	506	+35%	+25%
Special Chem	285	+36%	+37%
Techn. Solutions	207	+49%	+34%
Aroma Performance	167	+52%	+43%
Oil & Gas	143	+57%	+43%
<b>Solutions</b>	<b>1,309</b>	<b>+42%</b>	<b>+33%</b>

## Highlights

- Novecare increased significantly driven by pricing and volume growth in agriculture, coatings, and home & personal care
- Special Chem saw higher sales in electronics that were partially offset by lower sales to automotive catalysts
- Growth at Technology Solutions was driven by higher volumes to the mining industry and increased prices
- Aroma Performance sales set a new record driven by significant price increases and good demand in food, flavors and fragrance
- Oil & Gas grew significantly driven by higher prices
- Q2 2022 EBITDA margin in the segment was up +3.8pp to 22.3%, further reflecting price actions, cost reduction efforts, and portfolio upgrade

# Structural cost reduction

~85% of 2024 cost savings achieved



Realized in FY  
2020

~€175<sub>m</sub>

Realized in FY  
2021

~€213<sub>m</sub>

Realized in H1  
2022

~€44<sub>m</sub>

## Permanent structural levers

- Restructuring ~45% of total
- Indirect costs reductions ~35%
- Productivity efficiencies ~20%

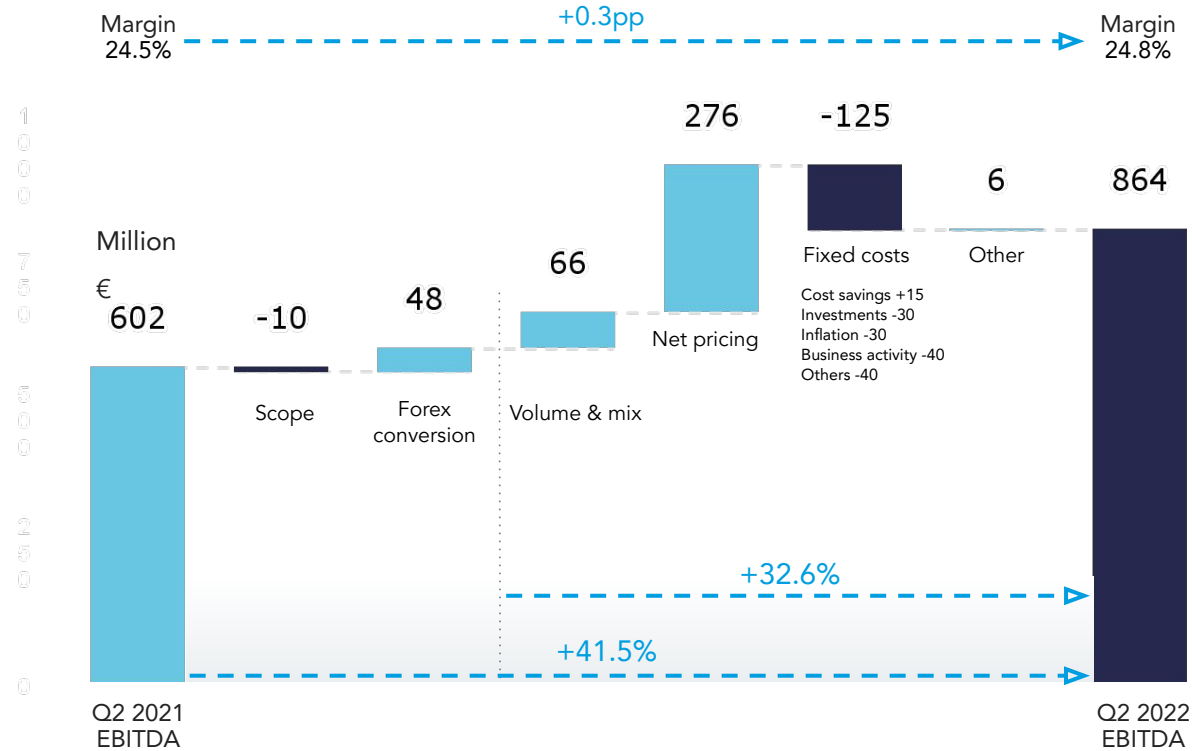
Total costs savings to date

~€430<sub>m</sub>

Costs savings target by 2024

€500<sub>m</sub>

# Double-digit profit growth



€864m in Q2 2022

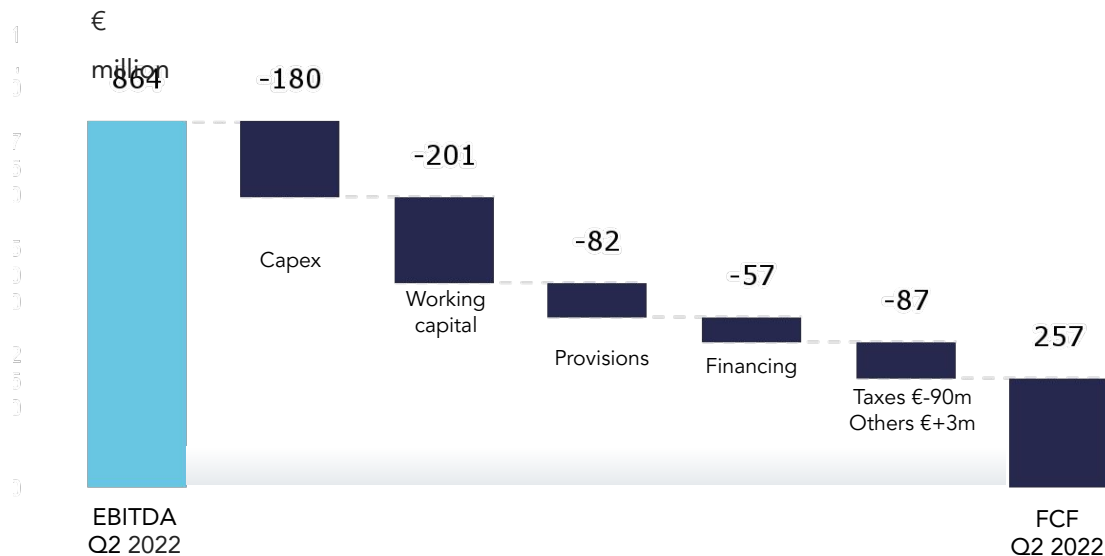
vs. €602m in 2021

## Main drivers

- Pricing more than offsetting variable costs inflation
- Sustained momentum in key end-markets supporting volume
- Higher fixed costs on inflation, strong activity and investments

EBITDA reached a new quarterly record

# Strong free cash flow generation



Comparison to 2021

EBITDA Q2 2021	Capex	Working capital	Provisions	Financing	Taxes & Others	FCF Q2 2021
602	-141	-125	-75	-62	-65	135

€ **257m** in Q2 2022

vs. € 135m in 2021

## Main drivers

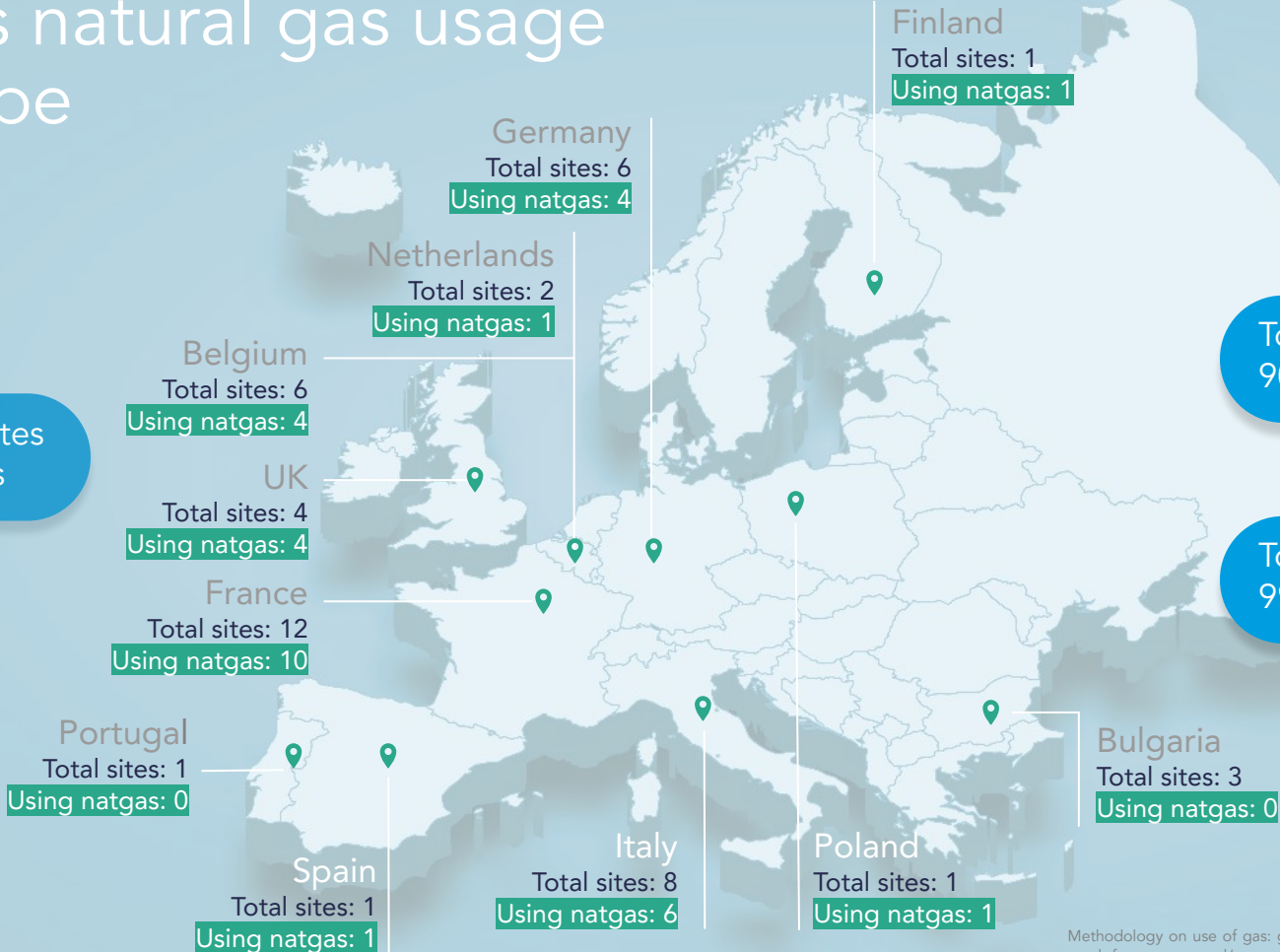
- Higher profits
- Investment in growth
- Higher working capital
- No dividend from Rusvinyl JV

Key enabler to a **sustained**  
FCF conversion of 34.5%

# Solvay's natural gas usage in Europe



32 of 45 sites use natgas



Top-10 sites  
90% of total



Top-20 sites  
99% of total



Methodology on use of gas: gas coming on-site physically and used for energy and/or production processes or the site's electricity and/or steam provider is using gas himself

# Contingency plans launched to mitigate the risk and ensure business continuity



## Activities in our control

### Industrial

- Ensure production continuity, prioritize critical/ high-margin for our customers
- Leverage global assets in the Americas & APAC to compensate for EU volumes in order to guarantee security of supply to our customers

### Procurement

- Ensure security of supply of natgas & critical raw materials currently sourced from Europe

## Our contingency plans

are aligned with the recently announced EU criteria

Rental of backup boilers to use alternative fuels	Adapt existing burners to use alternative fuels	Reduce/stop cogeneration & gas turbines	Secure possibility to restart coal boilers	Align on curtailment scheme with partners & authorities
8 sites underway	2 sites implemented 2 under feasibility review	5 sites implemented 4 potential	1 site underway	6 sites with partners

# 2022 Full-year outlook increased



## EBITDA

underlying

to grow between

**14% and 18%**

previously mid-to-high single digit

Organic growth

## Free cash flow

continuing operations

Around

**€750<sub>m</sub>**

previously €650 m





# Q&A



# Annexes



# Key figures



Underlying, in € million	Q2 2022	Q2 2021	% yoy	H1 2022	H1 2021	% yoy
Net sales	3,477	2,456	+41.5%	6,532	4,829	+35.3%
EBITDA	864	602	+43.4%	1,576	1,185	+32.9%
EBITDA margin	24.8%	24.5%	+0.3pp	24.1%	24.5%	-0.4pp
EBIT	674	424	+59.1%	1,200	805	+49.0%
Net financial charges	-57	-54	-5.8%	-106	-117	+8.9%
Income tax expenses	-141	-83	-69.8%	-238	-154	-54.7%
Tax rate				23.9	24.2%	-0.5pp
Profit / (loss) attributable to Solvay shareholders	470	276	+70.0%	839	517	+62.4%
Basic earnings per share (in €)	4.53	2.67	+69.7%	8.09	4.99	+61.9%
of which from continuing operations	4.51	2.66	+69.1%	8.06	5.00	61.2
Capex in continuing operations	180	141	+27.7%	331	241	+37.3%
FCF to Solvay shareholders from continuing operations	257	135	n.m.	473	417	+13.3%
FCF to Solvay shareholders (total)	257	123	n.m.	473	406	+16.5%
FCF conversion ratio (LTM)	34.5%	46.1%	-11.6pp	34.5%	46.1%	-11.6pp
Net financial debt				4,047		
Underlying leverage ratio				1.5		

# Segment review



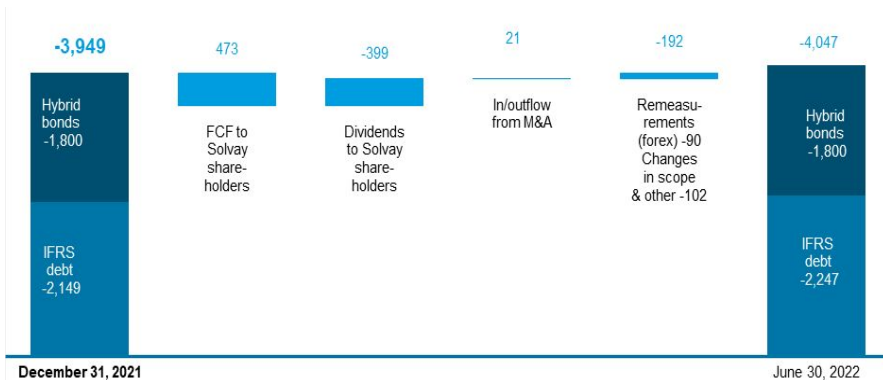
Underlying, in € million	Q2 2022	Q2 2021	% yoy	% organic	H1 2022	H1 2021	% yoy	% organic
Net sales	<b>3,477</b>	<b>2,456</b>	<b>+41.5%</b>	<b>+32.6%</b>	<b>6,532</b>	<b>4,829</b>	<b>+35.3%</b>	<b>+29.5%</b>
Materials	1,048	711	+47.4%	+38.2%	1,927	1,400	+37.7%	+31.2%
Specialty Polymers	810	536	+51.0%	-	1,481	1,047	+41.4%	-
Composite Materials	238	175	+36.4%	-	446	352	+26.5%	-
Chemicals	1,118	820	+36.4%	+27.4%	2,158	1,610	+34.0%	+27.9%
Soda Ash & Derivatives	535	378	+41.6%	-	1,019	745	+36.9%	-
Peroxides	179	153	+17.4%	-	358	305	+17.4%	-
Coatis	237	177	+33.6%	-	460	334	+37.6%	-
Silica	168	112	+49.6%	-	320	226	+41.7%	-
Solutions	1,309	925	+41.5%	+32.9%	2,443	1,815	+34.6%	+29.5%
Novecare	506	375	+35.0%	-	958	729	+31.5%	-
Special Chem	290	210	+37.9%	-	525	421	+24.7%	-
Technology Solutions	203	139	+45.7%	-	362	272	+32.9%	-
Aroma Performance	167	110	+52.1%	-	308	220	+40.3%	-
Oil & Gas	143	91	+57.4%	-	290	174	+66.8%	-
Corporate & Business Services	2	1	+81.6%	+88.4%	4	4	+16.7%	+34.9%
EBITDA	<b>864</b>	<b>602</b>	<b>+43.4%</b>	<b>+34.9%</b>	<b>1,576</b>	<b>1,185</b>	<b>+32.9%</b>	<b>+27.7%</b>
Materials	340	220	+54.6%	+44.9%	599	426	+40.6%	+33.5%
Chemicals	316	249	+26.7%	+18.3%	595	489	+21.6%	+16.5%
Solutions	292	171	+70.8%	+58.3%	530	344	+53.9%	+47.0%
Corporate & Business Services	-84	-38	<i>n.m.</i>	-	-148	-74	<i>n.m.</i>	-
EBITDA margin	<b>24.8%</b>	<b>24.5%</b>	<b>+0.3pp</b>	-	<b>24.1%</b>	<b>24.5%</b>	<b>-0.4pp</b>	-
Materials	32.5%	31.0%	+1.5pp	-	31.1%	30.4%	+0.6pp	-
Chemicals	28.2%	30.4%	-2.2pp	-	27.6%	30.4%	-2.8pp	-
Solutions	22.3%	18.5%	+3.8pp	-	21.7%	19.0%	+2.7pp	-

# Strengthening our balance sheet

## *Reduction in net debt and provisions continue*



Net debt in million € vs end of 2021

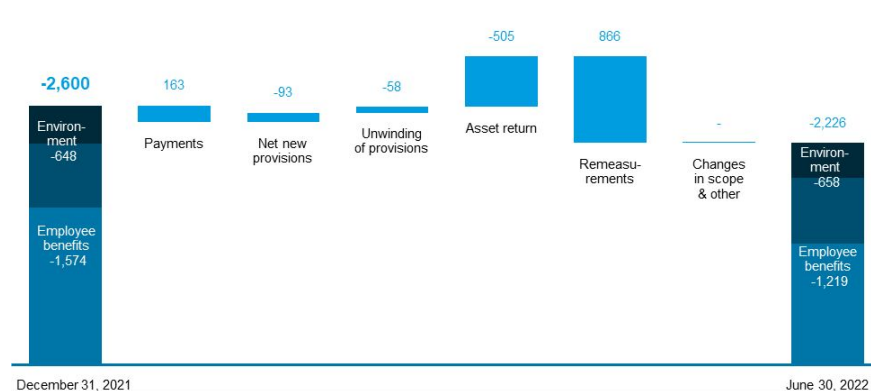


Underlying net debt at €4 billion

- Higher free cash flow generation in 2021
- Offsetting the interim dividend payment

Leverage ratio decreased to a recent record of 1.5x vs 1.7x at the end of 2021

Provisions in million € vs end of 2021



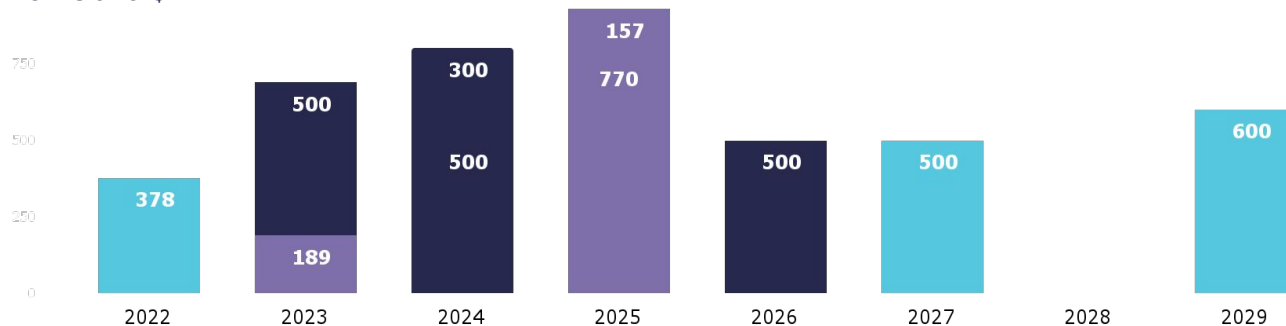
Provisions decreased by ~€374 million to €2.23 billion

- Higher discount rates
- Offsetting negative assets returns

# Balanced maturities

## Deleveraging and reduced of cost of debt

Financial debt [1]  
in million € and \$



Bond type	Period	31 December 2021			30 June 2022			Variation over the period		
		Face value	Avg. maturity	Avg. cost	Face value	Avg. maturity	Avg. cost	Face value	Avg. maturity	Avg. cost
EUR Bonds [1]		1,478	5.4	1.55%	1,478	4.9	1.55%	0	-0.5	0.00%
EUR Perpetual Hybrid Bonds [2]		1,800	2.7	4.54%	1,800	2.2	4.54%	0	-0.5	0.00%
US Bonds [3]		1,023	3.4	4.22%	1,115	2.9	4.22%	92	-0.5	0.00%
<b>Total</b>		<b>4,301</b>	<b>3.8</b>	<b>3.44%</b>	<b>4,393</b>	<b>3.3</b>	<b>3.45%</b>	<b>92</b>	<b>-0.5</b>	<b>0.02%</b>
		in € million	in years	in %	in € million	in years	in %	in € million	in years	in %

Major debt only, excluding cost of currency swaps

[1] €378m outstanding out of the initial €750m bond (maturity 2022) after the successful tender offer in Nov 2021

[2] At first call date

[3] US\$ 1,160 m



NET DEBT  
Leverage ratio

1.5x

S&P  
stable outlook

BBB

MOODY'S  
stable outlook

Baa2

# Market segment & region annual figures



Region (% 2021 Net Sales)	Group	Materials	Chemicals	Solutions
Europe	27%	31%	32%	21%
North America	26%	31%	18%	29%
Latin America	13%	2%	25%	10%
Asia and rest of the world	34%	36%	25%	40%

End markets (% 2021 Net Sales)	Group	Materials	Chemicals	Solutions
Automotive & Aerospace	24%	50%	16%	10%
Industrial applications & Chemical Industry	20%	11%	23%	24%
Consumers goods, Healthcare & HPC	16%	12%	23%	14%
Agro, Feed & Food	13%	3%	17%	17%
Resources & Environment	12%	4%	9%	19%
Building	9%	4%	11%	10%
Electronics	7%	15%	0%	6%



## TOP 3

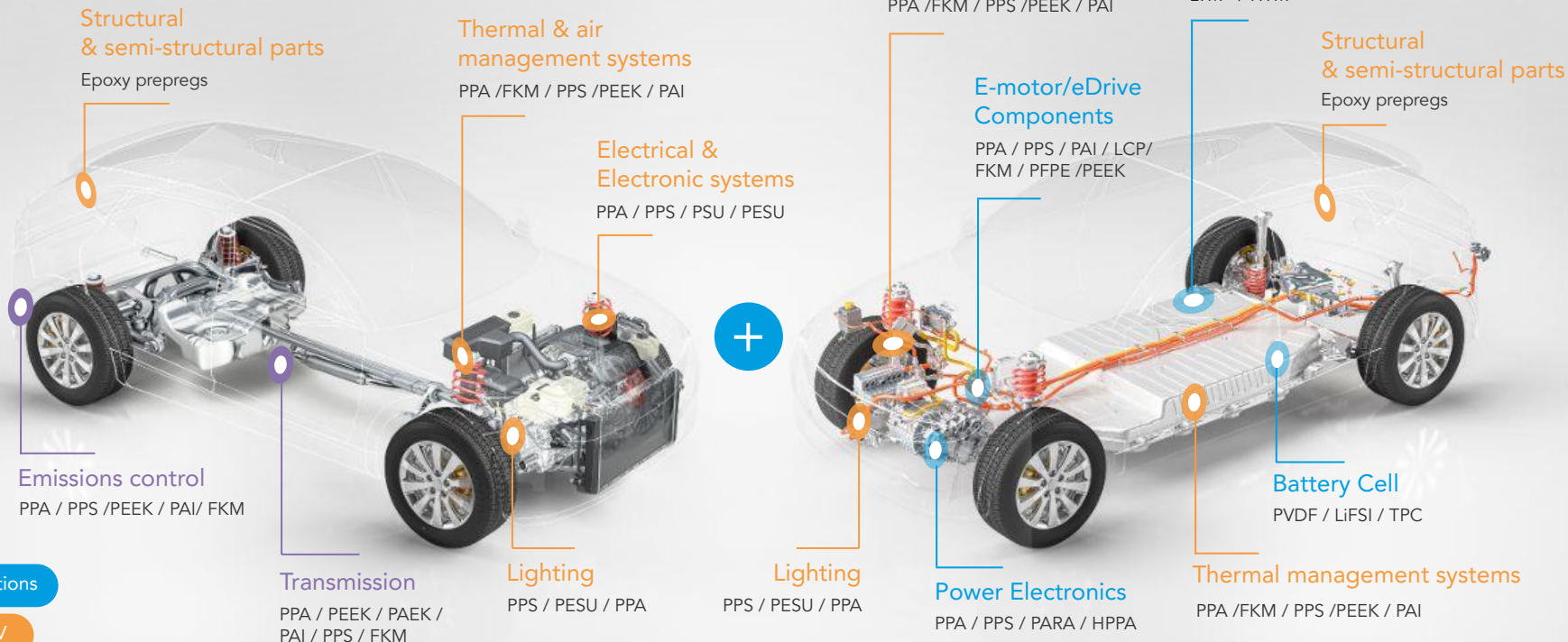
Market position  
in ~ 90% of  
portfolio



## 53%

Net sales  
generated by  
sustainable  
solutions

# Transition to EV doubles addressable market for Solvay



€1X



€2X

EV applications

ICE and BEV

ICE applications

# Why invest?

We aim to reshape the global chemical industry by delivering solutions that meet the world's sustainability challenges and provide critical solutions in fast-growth markets.

We focus on creating long-term value and we do so efficiently, which results in steady annual revenue and cash generation, a strong track record of continued shareholders distribution with a stable dividend, and one of the highest margins among our competitors. And above all, sustainable value creation is at the core of the way we conduct business.



Future growth potential  
fuelled by megatrends

.....



Customer partnerships  
drive innovation

.....



Global scale, diversity of  
products and end-markets,  
reliable infrastructure

.....



Key leadership positions

.....



Proven resilience  
through Crises



Bold ESG Ambition with  
Solvay ONE Planet



# Thank you.



## Investor Relations

[investor.relations@solvay.com](mailto:investor.relations@solvay.com)

Rue de Ransbeek, 310  
1120 Brussels, Belgium

## Shareholders services

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

Rue des Champs Elysées, 43  
1050 Brussels, Belgium

