

# Interview with

## Ilham Kadri

PRESIDENT OF THE EXECUTIVE  
LEADERSHIP TEAM AND CEO

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### What were the biggest highlights, looking back at Solvay's 2022 financial performance?

**Ilham Kadri** — I was proud beyond words with the Group's unprecedented performance, thanks to the work of our teams deserves a celebration. The combination of strong pricing and volume increase in 2022 helped us deliver 26% growth in net sales, with every business contributing. This in turn drove EBITDA above the 3 billion euro mark for the first time in the company's 160-year history.

We achieved these record results while maintaining our disciplined approach on cash: Q4 marked our 15th consecutive quarter of positive free cash flow, of which we generated a record €1.1 billion for the year. At the same time we lifted our capital expenditure to €1 billion, well above pre-pandemic levels and almost €300 million above 2021. Last, and perhaps most importantly, our Group's balance sheet is considerably more robust today, with a debt-to-EBITDA ratio at 1.1, which is half of where it stood in 2019.

These numbers illustrate our ability to look simultaneously into the microscope and into the telescope. They result from our strategy to differentiate our portfolio and shift toward higher value-added products to reshape our organization and, in the shorter term, our ability to pursue disciplined cost control as well as our pricing power in markets where we bring outstanding value to our customers.

We indeed created shared value for all: for our customers, through innovation, the quality of our products and the reliability of our supply; and for our teams, with the successful launch of a worldwide employee shareholding plan, as well as anti-inflation bonuses and pay increases in line with market practice.

### How does the strong performance support the company's sustainable growth ambition?

**I.K.** — Our economic performance is precisely what enables us to innovate and invest in delivering on our Solvay One Planet ambition. Since the inception of this program four years ago, we have achieved a 15% structural reduction of greenhouse gas emissions, which amounts to almost twice the reduction target set in the Paris Climate Agreement. We continue to drive momentum on this front, with biomass boilers under construction in three major plants in Europe and investment in methane abatement in the United States. These initiatives, among others, are placing us on the right trajectory to reaching carbon neutrality by 2050.

In addition to delivering on Solvay One planet goals, we are laying the groundwork for product innovation through our four growth platforms: Renewable Materials and Biotechnology, Batteries, Green Hydrogen and Thermoplastic Composites, which are designed to meet our customers' growing demand for sustainable solutions and represent an estimated €10 billion growth opportunity for our Group. We are also innovating on processes, while our "Star Factory" program, launched in 2021, is transforming our manufacturing sites into industry benchmarks in terms of competitiveness and sustainability. Last year, our two pilot sites had an immediate impact on our bottom line and we are now scaling up to include 40 additional sites worldwide in 2023.

### Why is this the right time to split the Group?

**I.K.** — We are confident this separation will establish two strong industry leaders, with distinct operating models to optimize their



respective growth opportunities. Our 2022 results are a testament to our successful transformation, which we delivered three years ahead of schedule, while steering the company through a global pandemic, geopolitical crises and subsequent macroeconomic turmoil.

Today, we are ready to enter the next phase in our history and redefine our growth potential. With our transformation complete, two types of business profiles have clearly emerged from our portfolio – essentials and specialties – and the planned split is designed to separate the businesses in a way that will unleash their full potential. Importantly, we have strengthened the foundations of our culture through our Purpose and Strategy so that it can continue to flourish at both companies once the separation is effective.

#### **Will Solvay's Diversity, Equity and Inclusion ambition live on in the future?**

**I.K.** — Our DEI initiatives are core to our culture and our success, and I am confident that both new companies will be able to build on the momentum we've achieved as one. We made compelling progress on our Solvay One Dignity roadmap last year, namely through concrete action to address the pay gap between male and female employees; the creation of nine Employee Resource Groups; our engagement alongside highly inspiring para-athletes; and the participation of 100 sites in our 2022 Solvay Citizen Day.

Our mindset and values are firmly anchored throughout our organization and are illustrated by the continued activity of the Solvay Solidarity Fund in 2022, which supported care for people in Ukraine, Turkey and Syria, among others.

#### **What is the significance of Solvay's 160th anniversary?**

**I.K.** — In this special anniversary year, we are beginning a new chapter that is inspired by our 160-year journey. We will pass on our values and knowledge to both companies.

Today, we have the perfect equation to be future-proof through the combination of a high-performing culture, talented people, compelling business results, a robust capital structure and ambitious projects. This will enable us to create two formidable companies with attractive investment profiles and values, built on the foundation of our 160-year journey. —

*Ilham Kadi*