

July 28, 2022 at 7 a.m. CEST

Solvay 2022 first half results

Solvay raises full year guidance following strong performance driven by higher volumes and prices

Highlights

- **Net sales** in the second quarter of 2022 were up +32.6% organically versus Q2 2021 driven by +26% in price actions (€690 million) and +6% from volumes (€164 million). Growth was driven by strong demand across all key markets, including automotive, aerospace, consumer, and electronics industries. Sales were up considerably in the Materials (+38%), Chemicals (+27%), and Solutions (+33%) segments versus Q2 2021. First half 2022 net sales were 29.5% higher organically than first half 2021.
- **Record underlying EBITDA** of €864 million in Q2 2022 was up +35% organically year on year, reflecting the volume growth and higher pricing. All three segments contributed to the growth, with Solutions up +58%, Materials up +45%, and Chemicals up +18% organically. First half 2022 EBITDA is +28% higher than first half 2021.
- The underlying **EBITDA margin** of 24.8% is +0.3pp higher than Q2 2021 and +1.5 pp higher than Q1 2022, mainly as a result of the strong pricing actions necessary to offset inflationary headwinds.
- **Underlying Net Profit** was €462 million in Q2 2022, around +67% higher than the result achieved in Q2 2021.
- **Free Cash Flow** was €257 million in Q2 2022, reflecting the strong performance, capex for growth projects, and the working capital increase linked to higher sales. First-half 2022 FCF of €473 million was around +13% higher than in H1 2021.
- All time record **ROCE** at 13.7%, +2.3 pp above the end of 2021.
- Continued strengthening of the **balance sheet** with underlying net debt at €4 billion, reaching a historic low leverage of 1.5x. Provisions decreased by €374 million, reaching a new low of €2.2 billion due largely to higher discount rates.
- Building on its Solvay One Planet sustainability roadmap, Solvay [announced](#) its plan to reduce scope 3 greenhouse gas emissions by -24% by 2030¹. This complements its previous commitment to align its scope 1 and 2 trajectory with the Paris Agreement.

Underlying (in € million)	Second quarter				First half			
	2022	2021	% yoy	% organic	2022	2021	% yoy	% organic
Net sales	3,477	2,456	+41.5%	+32.6%	6,532	4,829	+35.3%	+29.5%
EBITDA	864	602	+43.4%	+34.9%	1,576	1,185	+32.9%	+27.7%
EBITDA margin	24.8%	24.5%	+0.3pp	-	24.1%	24.5%	-0.4pp	-
FCF	257	135	n.m.	-	473	417	+13.3%	-
FCF conversion ratio (LTM)	34.5%	46.1%	-11.6pp	-	34.5%	46.1%	-11.6pp	-
ROCE (LTM)	13.7%	9.5%	+4.2pp	-	13.7%	9.5%	+4.2pp	-

Ilham Kadri, CEO

"I am proud of how our businesses have continued to perform in a strong demand environment in the second quarter, again setting new records for the company. I wish to thank our global teams for their unwavering commitment and resilience. Demand for our high-value technologies was evident in the volume uplift in the quarter as we continue to offer solutions that support our customers needs. The pricing initiatives helped to offset the significant rise in costs and enabled us to sustain EBITDA margins, and we are grateful to our customers who value our technologies and services. Going forward, our business leaders will continue investing in our key growth areas while navigating the uncertain macroeconomic environment."

2022 Outlook

Full year underlying EBITDA estimate is increased from the previously shared guidance of mid-to-high single digit growth to a range of 14% to 18% organic growth for the full year 2022. The Free Cash Flow estimate has increased from €650 million previously to around €750 million, overcoming significant increases in working capital. The estimates reflect modest declines in demand consistent with the generally negative economic outlook and do not assume significant discontinuities related to the supply of natural gas particularly in Europe.

[Register to the webcast scheduled at 14:00 CEST here](#) - [Link to financial report](#) - [Link to financial calendar](#)

¹against a 2018 baseline ; incorporating 90% of the Group total scope 3 GHG emissions

Key figures

<i>Underlying, in € million</i>	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%
<i>EBITDA margin</i>	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%
<i>Tax rate</i>				23.9%	24.2%	-0.5pp
Profit / (loss) attributable to Solvay shareholders	470	276	+70.0%	839	517	+62.4%
Basic EPS	4.53	2.67	+69.7%	8.09	4.99	+61.9%
Basic EPS from continuing operations (in €)	4.51	2.67	+69.7%	8.06	5.00	+61.2%
Capex	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		

Group performance

Net sales of €3,477 million in Q2 2022 increased +41.5% versus Q2 2021 thanks to strong pricing actions, volume growth, and a tailwind from currency effects. Strong demand continued from the first quarter into the second quarter across all key markets including the automotive, aerospace, consumer, and electronics industries. Geographically, all regions delivered strong organic sales growth, with Europe up by 35%, North America up 27%, Latin America up by 34% and Asia Pacific by 35% versus the second quarter of 2021.

Underlying EBITDA of €864 million in Q2 2022 was up +43.4% as a result of pricing actions, higher sales volumes, and foreign exchange, with a slightly negative scope effect. On an organic basis, excluding the impacts of foreign exchange and scope, underlying EBITDA increased by 34.9%. EBITDA margins increased slightly to 24.8% for the second quarter mainly as a result of price actions needed to offset rising cost of raw materials, energy and logistics.

Free cash flow to shareholders from continuing operations increased from €135 million in Q2 2021 to €257 million in the second quarter of 2022, reflecting the strong performance and the higher working capital and capex for growth projects. Free cash flow in the first half of 2022 was €473 million, +13% higher than first half 2021.

Underlying net financial debt was slightly up at €4.0 billion at the end of the first half of 2022, after the dividend payment and the cash paid for the acquisition of the 20% minority stake of AGC in the Soda Ash JV in May 2022. The strong free cash flow of €473 million contributed to bring the leverage ratio to a historical low of 1.5x.

Provisions decreased by €374 million to €2.23 billion compared to December 2021, primarily reflecting the impact from higher discount rates.

Performance by segment

Net sales bridges

(in € million)	H1 2021	Scope	Forex	Volume	Price	H1 2022	Yoy %	Organic %
Materials	1,400	-8	77	184	274	1,927	+37.7%	+31.2%
Chemicals	1,610	-17	93	19	452	2,158	+34.0%	+27.9%
Solutions	1,815	-40	111	117	440	2,443	+34.6%	+29.5%
Corporate	4	-	-1	1	-	4	+16.7%	+34.9%
Solvay	4,829	-64	281	321	1,165	6,532	+35.3%	+29.5%

(in € million)	Q2 2021	Scope	Forex	Volume	Price	Q2 2022	Yoy %	Organic %
Materials	711	1	47	102	188	1,048	+47.4%	+38.2%
Chemicals	820	-3	61	-8	248	1,118	+36.4%	+27.4%
Solutions	925	-9	69	69	254	1,309	+41.5%	+32.9%
Corporate	1	-	-	1	-	2	+81.6%	+88.4%
Solvay	2,456	-11	177	164	690	3,477	+41.5%	+32.6%

Materials

Segment sales in Q2 2022 increased +47.4% (+38.2% organically) driven by strong demand for Specialty Polymers and Composite materials leading to record second quarter sales and earnings.

Sales in Specialty Polymers were at record levels, increasing +51.0% (+43.0% organically) compared to the second quarter of 2021, and +21% sequentially versus Q1 2022. Price increases were the largest contributor to sales growth, while demand remained strong in most markets – particularly in automotive (incl. EV batteries), healthcare, and electronics.

Sales in Composite Materials were up +36.4% year on year (+24.0% organically) driven by the continued recovery in civil aerospace led by single-aisle programs (such as the 737 and A220 programs) which are supporting volume growth in the business.

Segment EBITDA increased +54.6% (+44.9% organically) compared with Q2 2021, increasing +32% sequentially versus Q1 2022. The significant improvement was driven by strong price and volume growth, particularly in Specialty Polymers, leading to 32.5% EBITDA margins in the second quarter.

Chemicals

Segment sales in Q2 2022 were up +36.4% (+27.4% organically) versus Q2 2021 driven primarily by price increases necessary to offset rising inflationary costs. Although overall volumes in the segment were down -1%, demand was strong and the volume shortfall related specifically to force majeure in the industry that led to production outages in Soda Ash and Peroxides.

Soda Ash & Derivatives sales were up +41.6% (+35.3% organically) thanks to the continued demand strength on tight supply and price increases to offset the significant rise in energy costs. Volume growth was constrained in the quarter by asset outages due to force majeure issues at assets in Europe and the US that are now fully resolved. Bicarbonate sales also increased driven by growth in flue gas treatment and hemodialysis applications.

Peroxides sales were up +17.4% (+10.4% organically) driven mainly by pricing but also by volume growth in North and Latin America due to strong demand. Q2 2022 saw the business face headwinds from force majeure as well as a strike at a pulp & paper customer in Europe, both of which are now resolved.

Coatis continues its outperformance, with sales up +33.6% (+16.9% organically) due to higher volumes and prices on strong demand in solvents and in phenol compensating for higher energy prices and logistics costs.

Silica sales grew +49.6% (+42.6% organically) from price and volume increases driven by the increased demand for highly dispersible silica used in electric-vehicle energy-efficient tires. Sales volume growth was higher than tire-industry production rates. Price increases were able to more than offset cost inflation.

Segment EBITDA was up +26.7% (+18.3% organically) versus Q2 2021 thanks to higher prices across all the businesses. The Chemicals segment delivered an EBITDA margin of 28.2% in the second quarter.

Solutions

Sales in the second quarter of 2022 were up +41.5% (+32.9% organically) driven by strong demand across many markets including agro, mining, and electronics.

Second quarter sales were at record levels in Novecare increasing +35.0% (+25.1% organically) year on year. Growth was driven by pricing and strong demand in agro, coatings, and home and personal care markets.

Oil & Gas Solutions sales grew +57.4% (+43.0% organically) continuing the strong momentum from the first quarter of the year. The strong sales performance was driven by price increases and market share gains in the Oil & Gas business.

Special Chem sales increased +35.9% (+36.8% organically) thanks to strength in electronics which was partially offset by weakness in automotive catalysts, as customers continue to be impacted by chip shortages.

Technology Solutions sales increased +48.9% (+33.9% organically) compared to Q2 2021 due to sustained demand in mining and polymer additives. Pricing measures were able to more than offset cost inflation.

Aroma Performance sales reached a new record, up +52.1% (+42.7% organically) compared to Q2 2021, as food & beverage, and flavors & fragrances demand remained strong. Pricing was able to more than offset cost inflation due to strong demand.

Second quarter EBITDA in the segment was up +70.8% (+58.3% organically), continuing on the solid trend seen across most markets in Q1 2022. EBITDA margin in the segment was up +3.8pp to 22.3% in Q2 2022, reflecting sales momentum, our focus on higher-value products, and cost reduction improvements.

Corporate and Business Services

The EBITDA contribution of Corporate and Business Services was a loss of €-84 million. The increased negative contribution in the quarter is due to the acceleration of investments in digital transformation and cybersecurity, a one-time loss from our energy supply business to third parties, the remuneration supplement for employees most affected by inflation, and investments in our growth platforms.

Key segment figures

(in € million)	Underlying							
	Q2 2022	Q2 2021	% yoy	% organic	H1 2022	H1 2021	% yoy	% organic
Net sales	3,477	2,456	+41.5%	+32.6%	6,532	4,829	+35.3%	+29.5%
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 (1)	506	375	+35.0%	-	958	729	+31.5%	-
Special Chem	285	210	+35.9%	-	525	421	+24.7%	-
Technology Solutions (1)	207	139	+48.9%	-	362	272	+32.9%	-
Aroma Performance	167	110	+52.1%	-	308	220	+40.3%	-
Oil & Gas (1)	143	91	+57.4%	-	290	174	+66.8%	-
Corporate	2	1	+81.6%	+88.4%	4	4	+16.7%	+34.9%
EBITDA	864	602	+43.4%	+34.9%	1,576	1,185	+32.9%	+27.7%
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	-84	-38	<i>n.m.</i>	-	-148	-74	<i>n.m.</i>	-
EBITDA margin	24.8%	24.5%	+0.3pp	-	24.1%	24.5%	-0.4pp	-
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	-

(1) Sales of Novecare and Technology Solutions in prior periods have been restated to reflect the creation of an Oil & Gas GBU as from July 1, 2021. More information can be found in the note 3 of the financial report.

Key IFRS figures

Management practices related to hedging of CO₂ exposure were changed in the period, in view of both increased volatility in energy and CO₂ markets and the plan to separate Solvay SA into two independent groups, resulting in a profit of €346 million in IFRS, classified as "other operating gains and losses" in Q2 2022. For more detail, see the notes of the financial report.

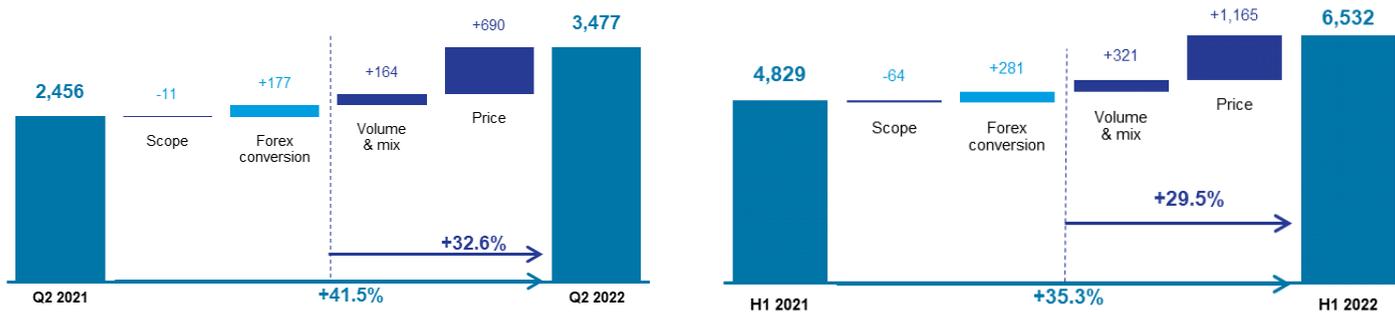
Q2 key figures (in € million)	IFRS			Underlying		
	Q2 2022	Q2 2021	% yoy	Q2 2022	Q2 2021	% yoy
Net sales	3,477	2,456	+41.5%	3,477	2,456	+41.5%
EBITDA	1,123	550	n.m.	864	602	+43.4%
<i>EBITDA margin</i>				24.8%	24.5%	+0.3pp
EBIT	895	333	n.m.	674	424	+59.1%
Net financial charges	-33	-28	-20.5%	-57	-54	-5.8%
Income tax expenses	-148	-72	n.m.	-141	-83	-69.8%
Profit / (loss) attributable to Solvay shareholders	705	222	n.m.	470	276	+70.0%
Basic EPS (in €)	6.80	2.15	n.m.	4.53	2.67	+69.7%
of which from continuing operations	6.80	2.14	n.m.	4.13	2.67	+68.9%

H1 key figures (in € million)	IFRS			Underlying		
	H1 2022	H1 2021	% yoy	H1 2022	H1 2021	% yoy
Net sales	6,532	4,829	+35.3%	6,532	4,829	+35.3%
EBITDA	1,802	964	+87.0%	1,576	1,185	+32.9%
<i>EBITDA margin</i>				24.1%	24.5%	-0.4pp
EBIT	1,352	502	n.m.	1,200	805	+49.0%
Net financial charges	-62	-58	-7.5%	-106	-117	+8.9%
Income tax expenses	-227	-98	n.m.	-238	-154	-54.7%
<i>Tax rate</i>				23.7%	24.2%	-0.5pp
Profit / (loss) attributable to Solvay shareholders	1,043	326	n.m.	839	517	+62.4%
Basic EPS (in €)	10.05	3.16	n.m.	8.09	4.99	+61.9%
of which from continuing operations	10.05	3.15	n.m.	8.06	5.00	+61.2%

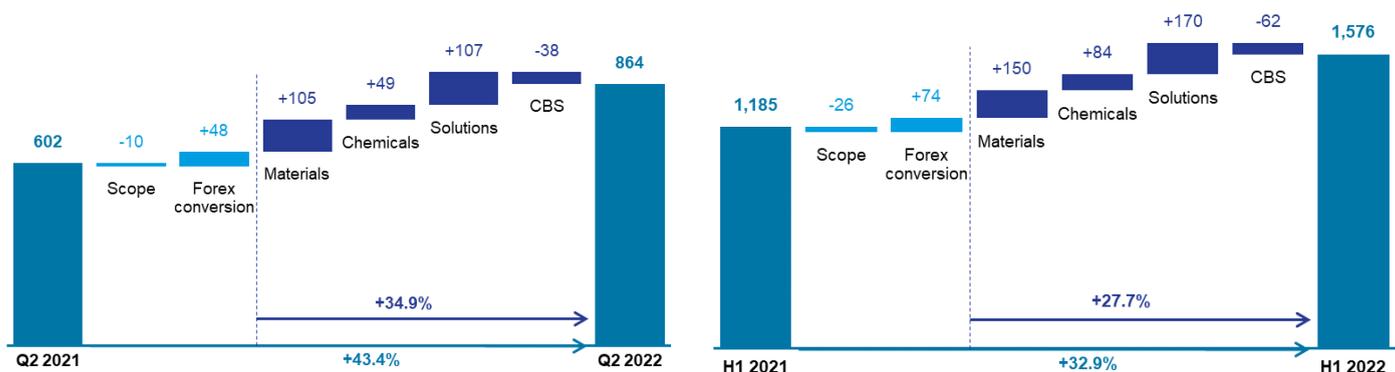
Supplemental information: bridges

(in € million)

Net Sales

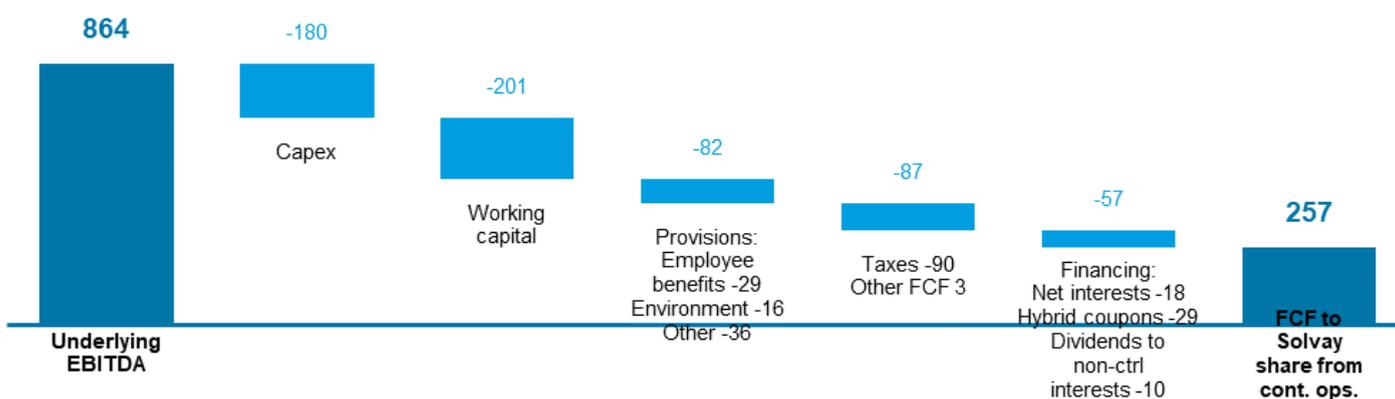


Underlying EBITDA

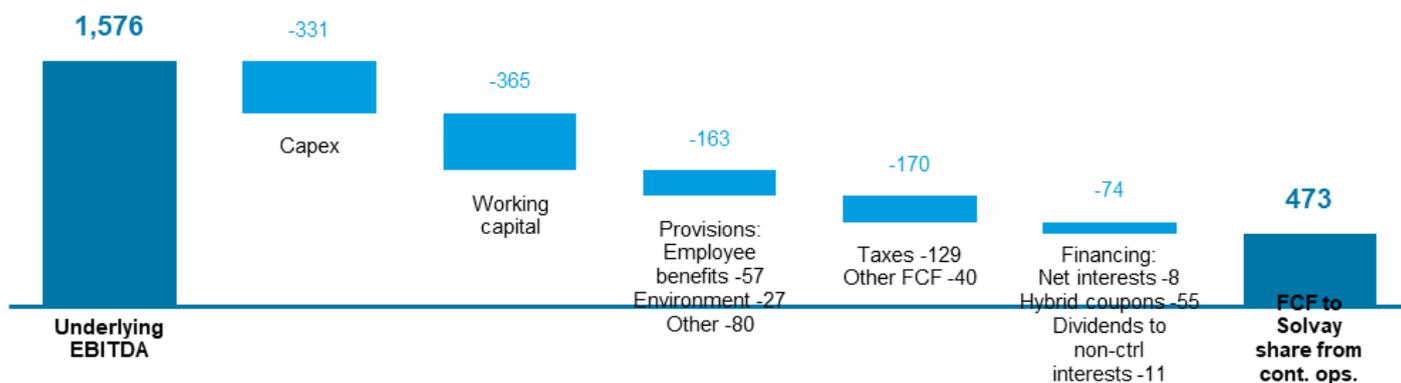


Free cash flow

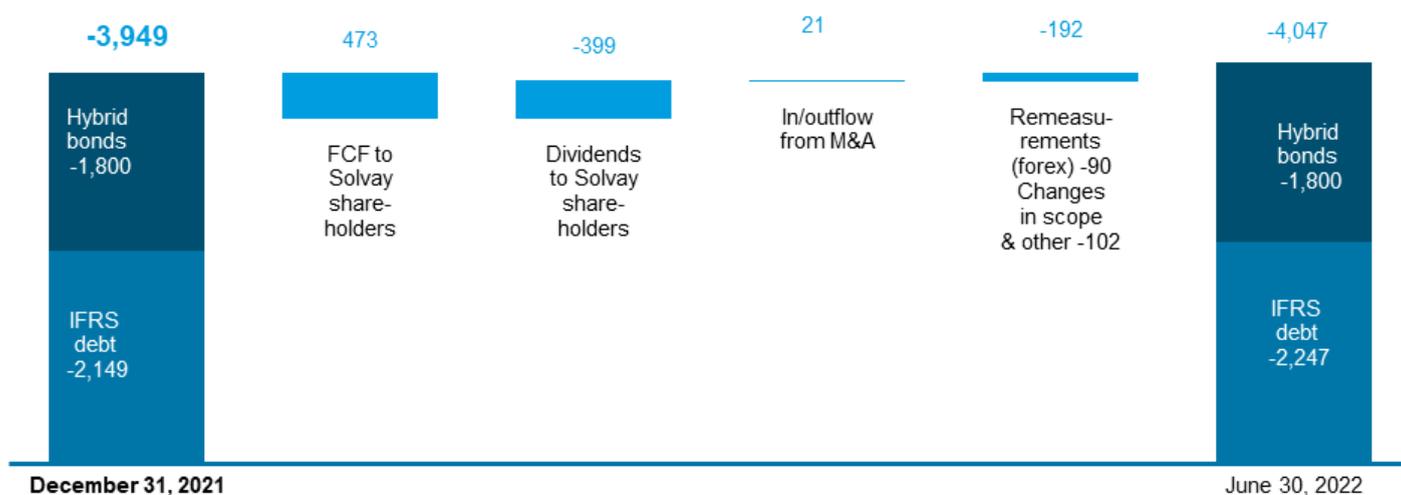
Q2 2022



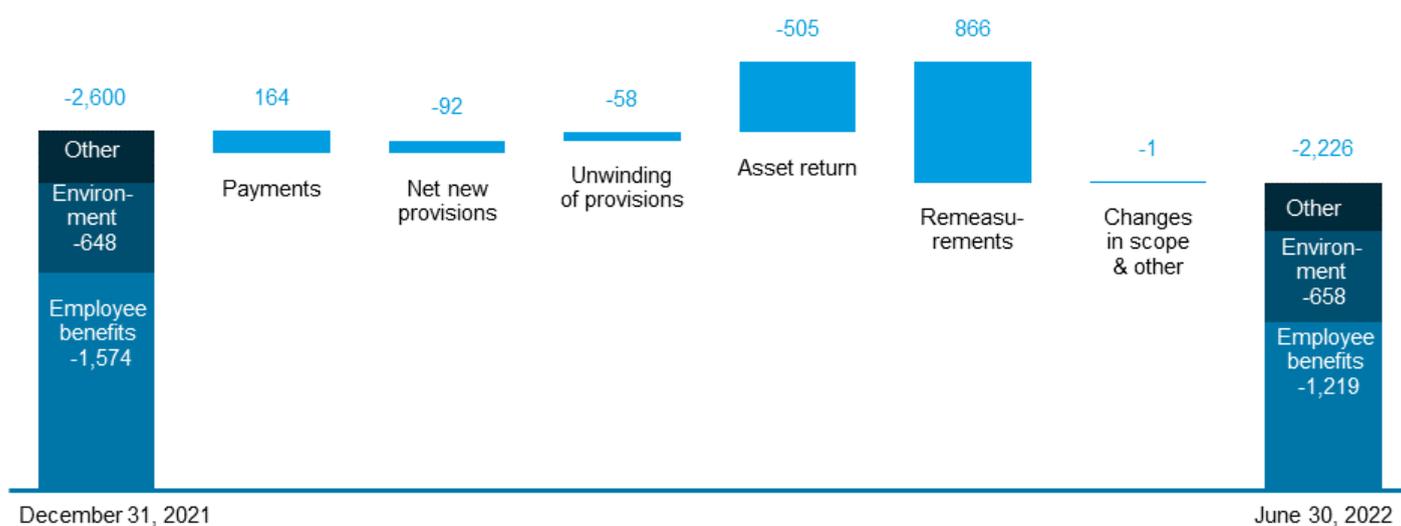
H1 2022



Underlying net debt



Provisions



Glossary

EPS is earnings per share.

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.

Last twelve months (LTM) refers to the timeframe of the immediately preceding 12 months.

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

Underlying figures are deemed to provide a more comparable indication of Solvay's fundamental performance over the reference periods. They are defined as the IFRS figures adjusted for the "Adjustments" as defined in the financial report. They provide readers with additional information on the Group's underlying performance over time as well as the financial position and they are consistent with how the business' performance and financial position are reported to the Board of Directors and the Executive Committee.

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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Safe harbor

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About Solvay

Solvay is a science company whose technologies bring benefits to many aspects of daily life. With more than 21,000 employees in 63 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 roadmap crafted around three pillars: protecting the climate, preserving resources and fostering a 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 €10.1 billion in 2021. Solvay is listed on Euronext Brussels and Paris (SOLB). Learn more at www.solvay.com.

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