

November 3, 2022 at 7 a.m. CET

Solvay third quarter and nine months 2022 results

Record Q3 Sales and EBITDA driven by higher prices and sustained demand

Highlights

- **Record Net Sales** in the third quarter of 2022 were up +29.5% organically versus Q3 2021, driven by higher prices, while overall volumes were essentially flat versus the prior year. All regions delivered double-digit organic growth in the quarter. Nine month 2022 sales were also up +29.5% organically thanks to pricing and volume growth versus the nine-month period 2021.
- **Record Underlying EBITDA** at €917 million in Q3 2022 was up +39.8% organically versus Q3 2021, driven by higher pricing which overcame the significant inflationary costs in the quarter. Nine months 2022 EBITDA was +31.9% organically above the prior-year nine months.
- **Record EBITDA margin** at 25.4% is +2.1 percentage points higher than Q3 2021 thanks to the sustained progress on pricing which offset the impact from rising raw materials, energy and logistics costs.
- **Underlying Net Profit** at €509 million in Q3 2022, 86.1% higher than Q3 2021.
- **Free Cash Flow** increased to €452 million in Q3 2022 (bringing the nine-month 2022 total to €924 million), and was positive for the 14th consecutive quarter. The FCF conversion ratio (LTM) was 36.8%.
- **ROCE** reached an all-time high at 15.4% versus 11.4% at the end of 2021.
- Further strengthening of the balance sheet with **underlying net debt** slightly down to €3.8 billion, reaching a historic low leverage of 1.2x.
- **Interim dividend** of €1.54 gross per share validated by the Board of Directors, to be paid on January 18, 2023.

Underlying (in € million)	Third quarter				Nine months			
	2022	2021	% yoy	% organic	2022	2021	% yoy	% organic
Net sales	3,609	2,573	+40.3%	+29.5%	10,141	7,402	+37.0%	+29.5%
EBITDA	917	599	+53.2%	+39.8%	2,493	1,784	+39.7%	+31.9%
EBITDA margin	25.4%	23.3%	+2.1pp	-	24.6%	24.1%	+0.5pp	-
FCF¹	452	276	+63.8%	-	924	692	+33.5%	-
FCF conversion ratio (LTM)	36.8%	39.5%	-2.6pp	-	36.8%	39.5%	-2.6pp	-
ROCE (LTM)	15.4%	10.6%	+4.8pp	-	15.4%	10.6%	+4.8pp	-

Ilham Kadri, CEO

"I am so incredibly proud of our people for delivering another quarter of outstanding performance. We again set new records in Sales, EBITDA, and ROCE, which is a clear demonstration of the hard work by our teams and real transformation that has occurred in the past three and a half years. We remain focused on bringing new innovations to the market that deliver measurable value to our customers, and we are prioritizing investments in strategic growth areas. Today's announcement is another example of our commitment to serve the growing electrification trend by expanding manufacturing of high performance polymers for batteries in North America. I could not be more pleased with these accomplishments and excited about our bright future as we progress with our plan to separate into two independent, strong companies."

2022 Outlook

On October 24, the company upgraded its full year 2022 EBITDA estimate to grow organically by around 28%. Today the company increased its Free Cash Flow estimate from around €750 million to around €1 billion for the year, including capital investments which may reach €1 billion.

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

¹ Free cash flow is free cash flow to Solvay shareholders from continuing operations

Key figures

<i>Underlying, in € million</i>	Q3 2022	Q3 2021	% yoy	9M 2022	9M 2021	% yoy
Net sales	3,609	2,573	+40.3%	10,141	7,402	+37.0%
EBITDA	917	599	+53.2%	2,493	1,784	+39.7%
<i>EBITDA margin</i>	25.4%	23.3%	+2.1pp	24.6%	24.1%	+0.5pp
EBIT	709	421	+68.3%	1,909	1,227	+55.6%
Net financial charges	-57	-64	+10.8%	-163	-181	+9.6%
Income tax expenses	-140	-74	-88.2%	-378	-228	-65.6%
<i>Tax rate</i>				23.2%	24.0%	-0.8pp
Profit / (loss) attributable to Solvay shareholders	509	273	+86.1%	1,347	790	+70.6%
Basic EPS	4.90	2.64	+85.9%	12.99	7.63	+70.2%
Basic EPS from continuing operations (in €)	4.88	2.63	+85.6%	12.94	7.62	+69.9%
Capex	233	171	+36.3%	564	412	+36.9%
FCF to Solvay shareholders from continuing operations	452	276	+63.8%	924	692	+33.5%
FCF to Solvay shareholders (total)	452	276	+63.8%	924	681	+35.7%
FCF conversion ratio (LTM)				36.8%	39.5%	-2.6pp
Net financial debt				3,809		
Underlying leverage ratio				1.2		

Group performance

Net sales of €3,609 million increased +40.3% (+29.5% organically) versus Q3 2021 driven largely by pricing. Continued strong demand across most markets, particularly driven by automotive, electronics, civil aeronautics, mining, agriculture & food, and healthcare contributed to growth. All regions delivered double-digit organic sales growth, with Europe up +42%, North America up +17%, Latin America up 32% and Asia Pacific by 30% versus the third quarter 2021.

Underlying EBITDA reached a record high of €917 million in Q3 2022, +53.2% as a result of pricing actions, volume & mix effects, and positive foreign exchange impacts. Excluding the impacts of foreign exchange and scope, underlying EBITDA increased by +39.8% organically. EBITDA margin increased +2.1pp to 25.4% compared to Q3 2021 thanks to higher pricing and improved mix, more than offsetting higher variable and fixed costs.

Free cash flow to shareholders from continuing operations increased to a record-high level of €452 million in the third quarter, reflecting both the high profitability and working capital discipline. Free cash flow in the nine months of 2022 was €924 million, significantly higher than nine months 2021 (€692 million).

Underlying leverage reached another record low at 1.2x and net financial debt was slightly down at €3.8 billion.

Provisions decreased by €506 million, compared to December 2021, to €2.1 billion. Higher discount rates and an additional €155 million voluntary contribution to our pension assets in Germany decreased the provisions for employee benefits, partially offset by lower assets performance. Environmental provisions increased €93 million, reflecting the estimated cost of certain remediation activities in West Deptford, NJ over the next 20 years. Additional information is available in the financial report.

Interim Dividend of €1.54 gross per share represents 40% of the 2021 total dividend (€3.85 per share) and is aligned with Solvay's policy and historic practices. This reflects a +2.7% increase compared to the interim dividend paid in January 2021.

Performance by segment

Net sales bridges

(in € million)	Q3 2021	Scope	Forex	Volume & mix	Price	Q3 2022	Yoy %	Organic %
Materials	752	3	60	69	230	1,114	+48.1%	+36.6%
Chemicals	856	-	68	-47	359	1,236	+44.4%	+33.8%
Solutions	964	-6	89	-39	248	1,257	+30.3%	+19.9%
Corporate	1	-	-	1	-	2	<i>n.m.</i>	<i>n.m.</i>
Solvay	2,573	-3	217	-15	836	3,609	+40.3%	+29.5%

(in € million)	9M 2021	Scope	Forex	Volume & mix	Price	9M 2022	Yoy %	Organic %
Materials	2,152	-4	137	253	503	3,041	+41.3%	+33.1%
Chemicals	2,466	-17	161	-27	811	3,393	+37.6%	+30.0%
Solutions	2,780	-45	200	78	688	3,700	+33.1%	+26.1%
Corporate	5	-	-	2	-	7	+42.7%	+62.4%
Solvay	7,402	-67	498	306	2,002	10,141	+37.0%	+29.5%

Materials

Segment sales in Q3 2022 increased +48.1% (+36.6% organically) driven by significant price increases, volume growth and continued strong demand for Specialty Polymers and Composite Materials.

Sales in Specialty Polymers were at record-high levels increasing +49.5% (+39.7% organically) compared to the third quarter 2021, and by 5% sequentially versus Q2 2022. Both pricing and volume contributed to sales growth, and demand remained strong in most markets – particularly in automotive (incl. EV batteries), electronics (particularly in semiconductors), and healthcare.

Composite Materials sales were up +43.8% year on year (+27.4% organically) driven by the continued recovery in civil aero, mainly single-aisle programs driving volume growth. Pricing also contributed to offset inflationary costs.

Third quarter segment EBITDA increased +56.5% (+43.4% organically) compared to Q3 2021, reflecting both price and volume growth in Specialty Polymers and Composite Materials. This led to a record 34.6% EBITDA margin in the third quarter or +1.9 percentage points higher versus last year.

Chemicals

Segment sales in Q3 2022 were up +44.4% (+33.8% organically) with each business contributing double-digit sales growth driven by pricing and resilient demand, while overall volume was slightly lower mainly in Coatis.

Soda Ash & Derivatives sales were up +65.8% (+55.3% organically) driven by continued demand strength on tight supply and price increases to offset increased energy and logistics costs. Volume growth was constrained in the quarter by a production issue which is now resolved. Bicarbonate sales increased on growth in flue gas treatment and pharmaceutical applications.

Peroxides sales rose +39.4% (+29.2% organically), driven by higher pricing. Volumes were down versus Q3 2021 as lower sales in HPPO outweighed volume increases in merchant market industries.

Coatis sales were up +10.4%. Organically, when excluding scope and FX conversion, sales were slightly down -1.1% versus a strong comparable in Q3 2021 as price increases were offset by lower volumes.

Silica sales grew +41.0% (+33.8% organically) mainly from price increases while sales volumes were slightly lower.

Segment EBITDA was up +33.1% (+21.8% organically) versus Q3 2021. Pricing measures compensated for the modest volume declines. Earnings in Coatis and Rusvinyl continue to normalize to mid-cycle levels as competitive pressure increases and demand softens, particularly in Europe. As a result, the segment delivered an EBITDA margin of 25.2% in the third quarter or -2.1 percentage points lower versus last year.

Solutions

Sales in the third quarter of 2022 were up +30.3% (+19.9% organically), driven primarily by price increases, while volumes were modestly lower. Strong demand in Agro, Electronics and Mining were the biggest growth drivers in the quarter.

Third quarter sales in Novecare increased by +32.8% (+20.0% organically) versus the previous-year quarter. Growth was driven by strong demand in Agro backed by higher prices across all markets. Sales volumes were down for the quarter in certain segments of Industrial and Building & Construction markets.

Special Chem sales increased +24.8% (+23.2% organically) thanks to price increases across most business lines. Sales growth to the electronics market was partially offset by weakness in automotive catalysts.

Technology Solutions sales increased +30.3% (+16.4% organically) compared to Q3 2021 due to sustained strong demand in mining, particularly copper.

Aroma Performance sales were +22.6% (+13.3% organically) on sustained demand in food & beverage, and flavors & fragrance markets.

Oil & Gas Solutions sales grew +40.6% (+26.0% organically) supported by increased volume and pricing in the core market.

Third quarter EBITDA in the segment was up +35.7% (+21.0% organically) year on year, with strong demand and pricing outweighing the impact of rising raw materials, energy and logistics costs. EBITDA margin in the segment increased +0.8 percentage points year on year to 19.1% in Q3 2022.

Corporate and Business Services

Corporate and Business Services reported a loss of €-19 million to the Group EBITDA. This represents an improvement of +€39 million versus Q3 2021, due to phasing impacts on digital transformation and cybersecurity and an improvement in our energy supply business to third parties.

Key segment figures

(in € million)	Underlying							
	Q3 2022	Q3 2021	% yoy	% organic	9M 2022	9M 2021	% yoy	% organic
Net sales	3,609	2,573	+40.3%	+29.5%	10,141	7,402	+37.0%	+29.5%
Materials	1,114	752	+48.1%	+36.6%	3,041	2,152	+41.3%	+33.1%
Specialty Polymers	853	570	+49.5%	-	2,333	1,617	+44.3%	-
Composite Materials	262	182	+43.8%	-	707	534	+32.4%	-
Chemicals	1,236	856	+44.4%	+33.8%	3,393	2,466	+37.6%	+30.0%
Soda Ash & Derivatives	629	380	+65.8%	-	1,649	1,124	+46.6%	-
Peroxides	217	156	+39.4%	-	576	461	+24.8%	-
Coatis	225	204	+10.4%	-	685	538	+27.3%	-
Silica	164	117	+41.0%	-	485	343	+41.5%	-
Solutions	1,257	964	+30.3%	+19.9%	3,700	2,780	+33.1%	+26.1%
Novecare (1)	511	384	+32.8%	-	1,469	1,113	+32.0%	-
Special Chem	261	209	+24.8%	-	785	630	+24.7%	-
Technology Solutions (1)	189	145	+30.3%	-	550	417	+32.0%	-
Aroma Performance	146	119	+22.6%	-	454	338	+34.1%	-
Oil & Gas (1)	151	107	+40.6%	-	441	281	+57.0%	-
Corporate	2	1	n.m.	n.m.	7	5	+42.7%	+62.4%
EBITDA	917	599	+53.2%	+39.8%	2,493	1,784	+39.7%	+31.9%
Materials	385	246	+56.5%	+43.4%	984	672	+46.4%	+37.2%
Chemicals	311	234	+33.1%	+21.8%	906	723	+25.4%	+18.3%
Solutions	240	177	+35.7%	+21.0%	769	521	+47.8%	+37.8%
Corporate	-19	-58	+67.2%	-	-167	-132	-26.8%	-
EBITDA margin	25.4%	23.3%	+2.1pp	-	24.6%	24.1%	+0.5pp	-
Materials	34.6%	32.7%	+1.8pp	-	32.4%	31.2%	+1.1pp	-
Chemicals	25.2%	27.3%	-2.1pp	-	26.7%	29.3%	-2.6pp	-
Solutions	19.1%	18.3%	+0.8pp	-	20.8%	18.7%	+2.1pp	-

* 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 financial report.

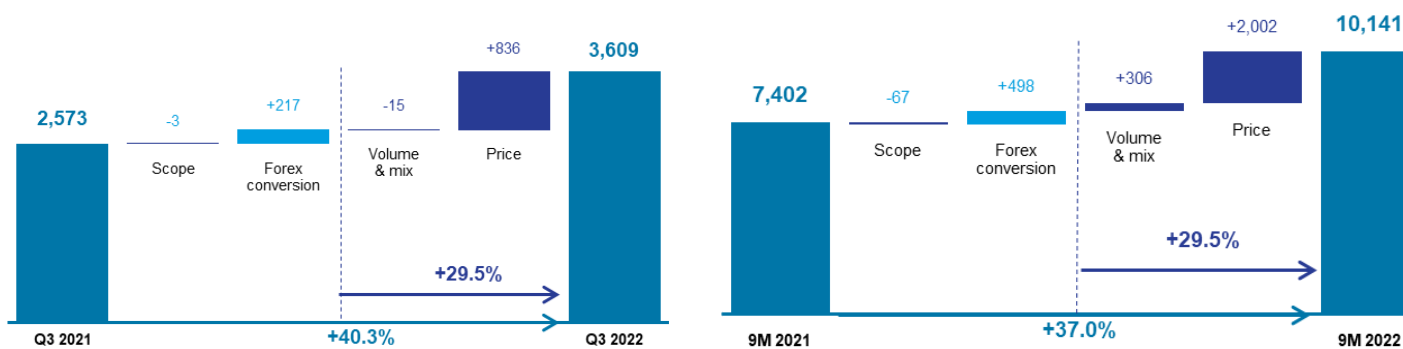
Key IFRS figures

(in € million)	IFRS			Underlying		
	Q3 2022	Q3 2021	% yoy	Q3 2022	Q3 2021	% yoy
Net sales	3,609	2,573	+40.3%	3,609	2,573	+40.3%
EBITDA	775	513	+51.2%	917	599	+53.2%
EBITDA margin				25.4%	23.3%	+2.1pp
EBIT	527	300	+75.8%	709	421	+68.3%
Net financial charges	-1	-27	n.m.	-57	-64	+10.8%
Income tax expenses	-71	-11	n.m.	-140	-74	-88.2%
Profit / (loss) attributable to Solvay shareholders	451	255	+76.4%	509	273	+86.1%
Basic EPS (in €)	4.34	2.47	+76.2%	4.90	2.64	+85.9%
of which from continuing operations	4.34	2.42	+79.3%	4.88	2.63	+85.6%

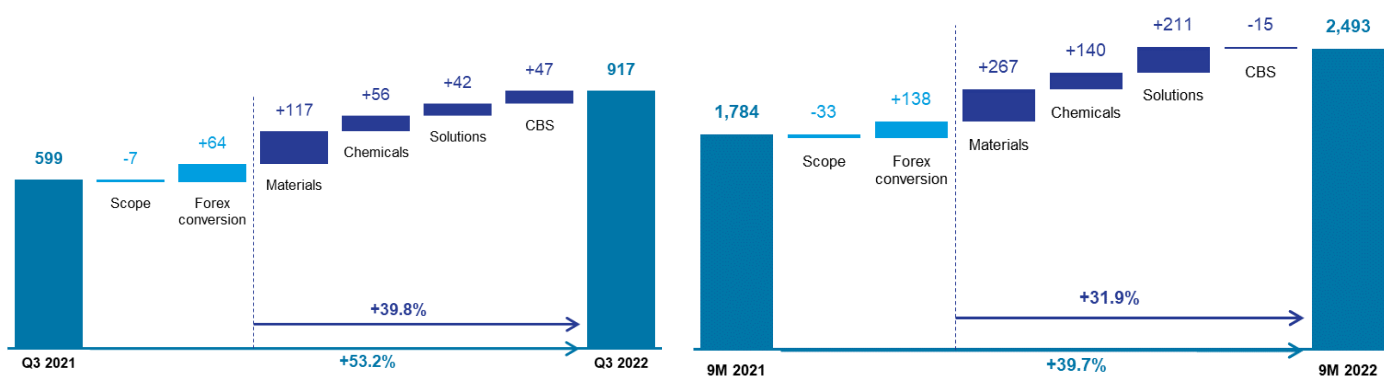
(in € million)	IFRS			Underlying		
	9M 2022	9M 2021	% yoy	9M 2022	9M 2021	% yoy
Net sales	10,141	7,402	+37.0%	10,141	7,402	+37.0%
EBITDA	2,578	1,476	+74.6%	2,493	1,784	+39.7%
EBITDA margin				24.6%	24.1%	+0.5pp
EBIT	1,879	802	n.m.	1,909	1,227	+55.6%
Net financial charges	-63	-85	+26.2%	-163	-181	+9.6%
Income tax expenses	-298	-109	n.m.	-378	-228	-65.6%
Tax rate				23.2%	24.0%	-0.8pp
Profit / (loss) attributable to Solvay shareholders	1,493	582	n.m.	1,347	790	+70.6%
Basic EPS (in €)	14.39	5.62	n.m.	12.99	7.63	+70.2%
of which from continuing operations	14.39	5.58	n.m.	12.94	7.62	+69.9%

Supplemental information: bridges

Net Sales

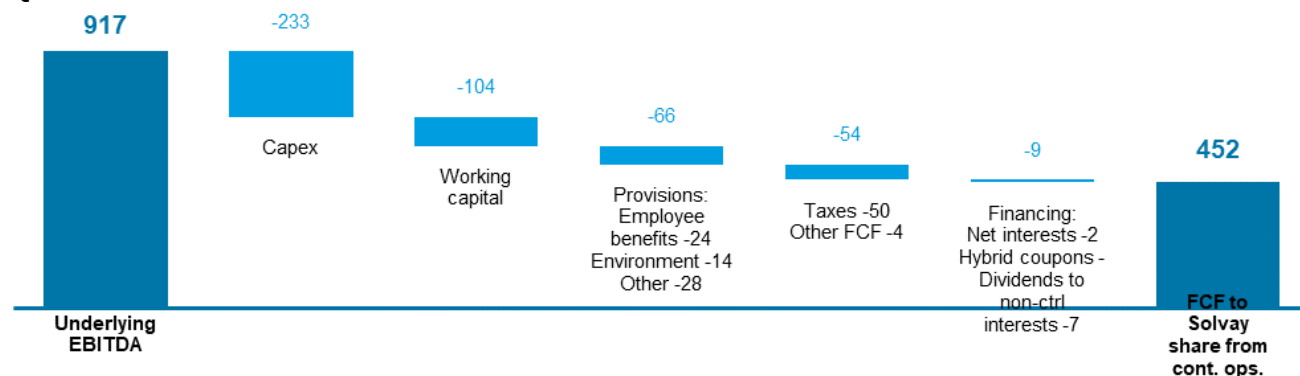


Underlying EBITDA

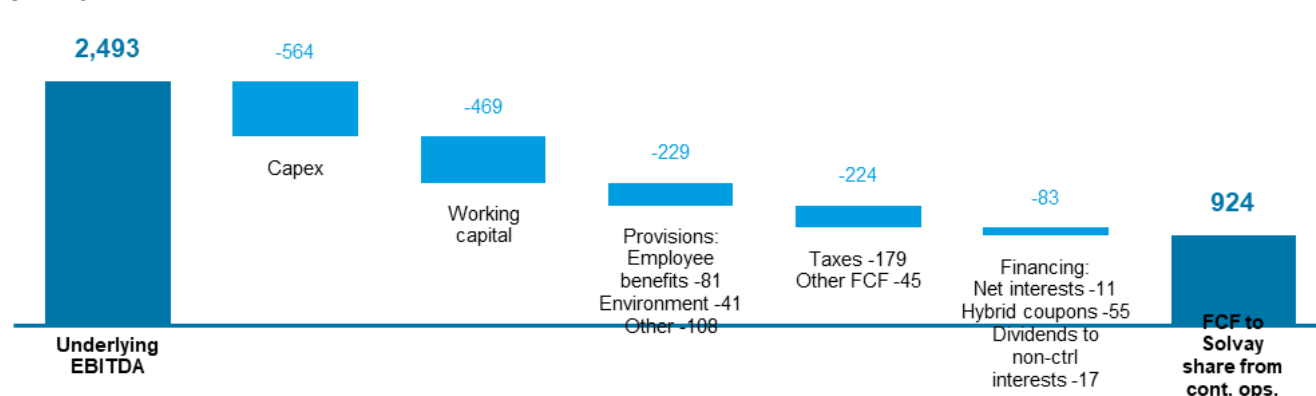


Free cash flow

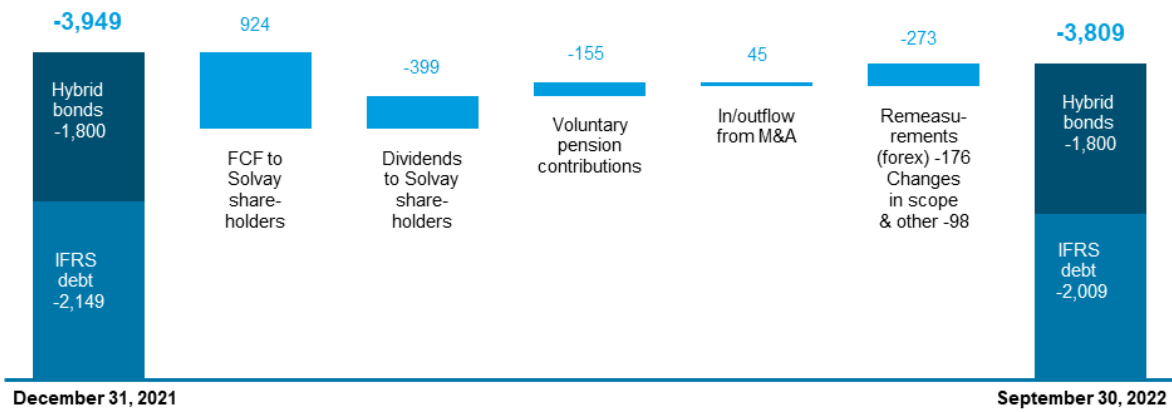
Q3 2022



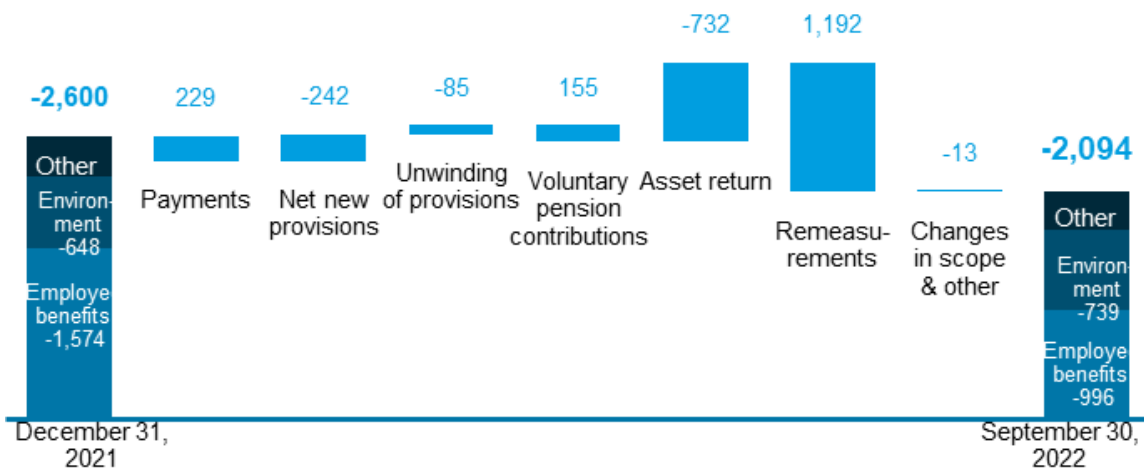
9M 2022



Underlying net debt



Provisions



Glossary

EPS is earnings per share.

Free cash flow to Solvay shareholders: 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: growth of Net sales or underlying EBITDA excluding scope changes and forex conversion effects. The calculation is made by rebasing the prior period at the business scope and forex conversion rate of the current period.

ROCE: Return on Capital Employed, calculated as the ratio between underlying EBIT (before adjustment for the amortization of PPA) and capital employed. Capital employed consists of net working capital, tangible and intangible assets, goodwill, rights-of-use assets, investments in associates & joint ventures and other investments, and is taken as the average of the situation at the end of the last 4 quarters.

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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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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