



Progress beyond

CAF Meeting

September 22, 2020





Progress beyond



Rebounding from the crisis

Dr. Ilham Kadri
President of the Executive Committee & CEO



Agenda



1

Update on Covid-19, crisis management and site reopenings

2

What has been achieved:
Our performance

3

Acceleration of the transformation:
2021 Plus

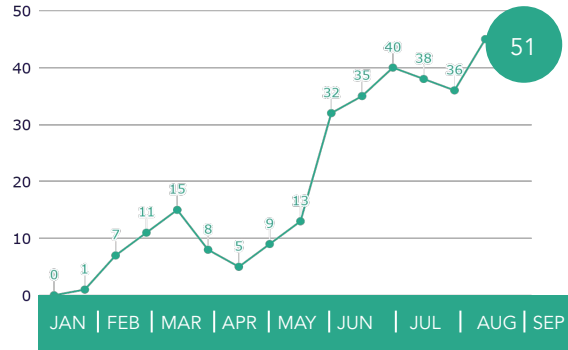


Agenda

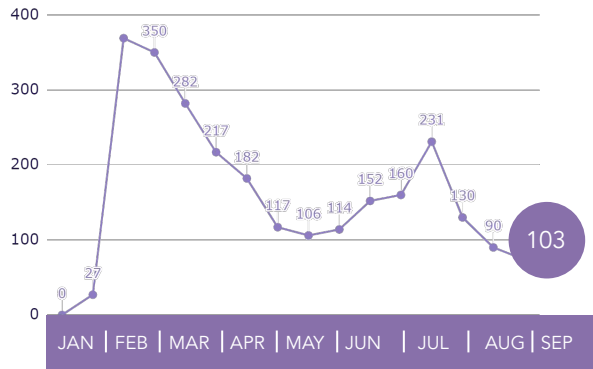
Update on health and safety



Colleagues
infected with
COVID-19



Colleagues
in quarantine



Measures in place



Safety measures for all our employees

10,000 employees working remotely

Millions of masks and hydroalcoholic gel secured for our people

Business travel banned, except for critical customer needs

Importance of our chemical products in the value chain and impact of innovation



Sites reopening



Three criteria:

infection rates, government policies and site's readiness to open

Solvay Solidarity Fund for our employees



€12 million donations
800 solidarity days

More than 100
families supported
and 100+
requests
have been
introduced

Demands
coming from
the US, UK,
France,
Belgium, Italy
and China

"I really appreciate this wonderful opportunity to help my family. It's like a dream that comes true!"

"Thank you all so much for your help and financial support - I am eternally grateful."

What we did

	Q2/Q3 2020	Q1 2020	Q4 2019	Q3 2019
VCP / Programs	<p>Launch COVID crisis response</p> <p>Launch of Cost Transparency project</p>	<p>Purpose and Solvay One Planet (sustainability)</p> <p>Launch of S3</p>	<p>New G.R.O.W. strategy</p>	<p>Launch of E2E & CEM programs</p>
People / WoW	<p>New SBS GM</p> <p>New Chief Procurement Officer</p> <p>New Group General Counsel</p> <p>Launch of Solidarity Fund (€15m)</p>		<p>New GM Comm.</p>	<p>Chief People Officer</p>
Reorg	<p>CM reorganization (€60m)</p> <p>Renewed LTs an significant reorg in many GBUs / Functions</p>	<p>Divestment Polyamides</p>		<p>Better leverage of Group for R&I and CAPEX allocation</p> <p>Two strategic platforms: Batteries & Thermoplastic Composites</p>
Financials	<p>Record H1 Free Cash Flow</p> <p>Dividend & bonus maintained</p> <p>CM restructuring (Cytac impairment)</p> <p>Non-cash impairment of €1.5bn</p>	<p>Pension funding; lowering debt</p> <p>Simplification program completed with costs savings 1yr ahead of plan</p> <p>Solid EBITDA performance (top 3 EU peers)</p>	<p>Record FY 2019 Free Cash Flow generation (€606m)</p> <p>Oil & Gas restructuring (impairment)</p> <p>Non-cash impairment of €0.7bn</p>	<p>Architectural projects in France & Belgium stopped (€350m cost avoidance)</p>

First Half 2020 Performance

Strong free cash flow despite demand headwinds



Underlying EBITDA

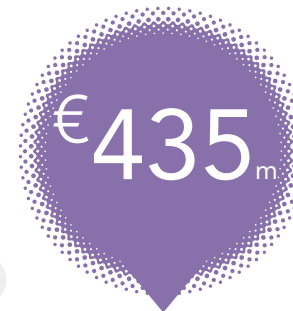
Margin 21.7%

- Reduction in volumes
- Positive prices



Net Sales

- Lower volumes in aero, auto, oil & gas and construction markets
- Resilient volumes in healthcare, agro & food, home & personal care and electronics



Free Cash Flow*

FCF conversion ratio 49.1%

- Disciplined working capital
- Lower pension cash costs
- Lower cash taxes

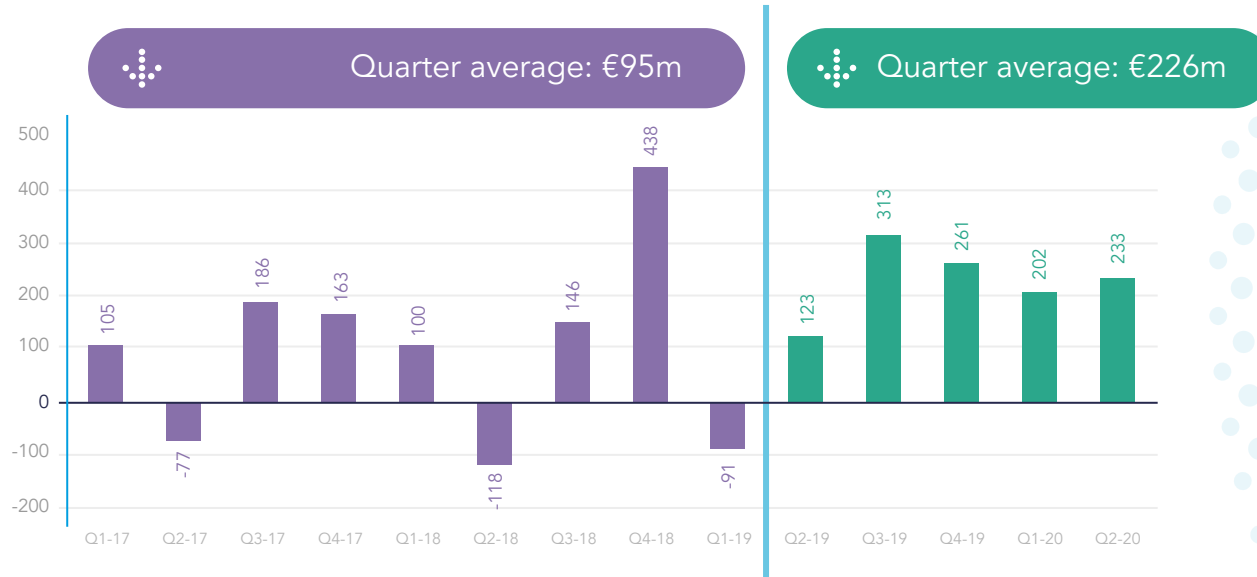


Investment
Grade

S&P
BBB

Moody's
Baa2

We delivered five consecutive quarters of positive Free Cash Flow



H1 2020 FCF
to Solvay shareholders
€435m vs. €33m in H1 2019

Main drivers:

- Disciplined working capital
- Reduced cash taxes
& cash pension costs

Cost savings: long term & short term commitments



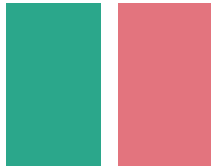
35%
of
€410M

€150M

€150M

temporary in 2020

- Restructuring
- Indirect Spend
- Prod. efficiency (yield,...)



- Furlough
- Salary freeze & cuts
- Discretionary costs

Structural
cost savings
commitment
by 2024
(annual run-rate)

A total of
€410M



Composite €60M

Apr. 2020

Additional

€50M

Feb. 2020

GROW

Strategy €300M

Nov. 2019

2020

2024

Outlook and expectations for full year 2020



Demand

Challenging environment continues into Q3 before improving in Q4

Cost

Cost savings of gross ~€300m, structural & temporary

Cash

Free Cash Flow in line with FY 2019

Remain focused on Customers, Cost and Cash



2021 Plus



Short term

Managing costs...

- Focus & Prioritization
- Simplification structural, industrial and organisational

...while building the foundations for growth

- Commercial offensive
- Winning together with Solvay ONE

Mid to Long term

- Innovation is key
- Sustainability is non-negotiable
- Changes in tactics not in strategy

TRANSFORMING OUR FRONTLINE TO BE THE FIRST ONES OUR CUSTOMERS CALL



Creating the role of **Executive Key Account Manager**



Redesigning the way we work with our distributors and commercial partners



Investing in our people with the **Solvay Sales Academy**



Introducing a **sales incentives system** better aligned with market practices and rewarding profitable top line growth



Celebrating the best commercial individuals and teams with the **“Winning Performers”** global initiative



Living Our New Culture - Solvay One

❖ We stay connected

- Weekly Q&A sessions with Ilham Kadri
- #ConnectedCoffee ...
- Coaching sessions with a health professional

❖ Pulse Surveys



More satisfaction

Because we believe that mobile working, when properly supported, will meet our employees' needs, and will therefore bring more satisfaction and even better results through our people.

Stronger workforce

Because mobile working can help parents comfortably return to work, and permit caregivers and those with health conditions or disabilities to have the flexibility they need to manage their work-life balance.

Access to talent

Because a mobile workforce allows us to source and leverage the capabilities of talent wherever they are.



Cost effective

Because the total occupancy rate will decrease in our facilities, bringing significant savings.

Lower environmental impact

Because teleworking offers another opportunity to rethink our mobility – meeting and travelling responsibly – thus contributing to the Solvay One Planet ambition to minimize our impact on the environment.



Our 2030 Sustainability Goals



CLIMATE

- Align greenhouse gas emissions with Paris Agreement
- Phase out coal
- Reduce negative pressure on biodiversity

Reduce by 26% (-2%/y)
Achieve 100%
30% reduction



RESOURCES

- Increase Sustainable Solutions revenues
- Increase Circularity
- Reduce non-recoverable industrial waste
- Reduce intake of freshwater

Achieve 65% vs 50%
Achieve 15% vs 7%
30% reduction
25% reduction



BETTER LIFE

- Safety is a priority
- Accelerate Inclusion & Diversity
- Extend maternity leave and to all co-parents

Aim for zero accident
Parity in 2025 vs 24%
for mid & senior management
16 weeks in 2021

Value creation at Solvay THROUGH CIRCULARITY



End-of-life Batteries
as a source of
materials



 **VEOLIA**



MITSUBISHI CHEMICAL
ADVANCED MATERIALS



Developing
new chemical
recycling processes
to close the loop
for advanced
materials

Innovations that support a sustainable future!



Home
& Personal Care

Unique and proprietary
technology for Long Lasting
Disinfecting Surface Cleaners



Hydrogen
& Clean Energy solution

Material in membranes
& electrodes of PEM
electrolysers & fuel cells



Sustainable
Agriculture

Additives for greenhouse plastic
film suitable to tune sunlight to
accelerate plant growth

STOP office waste to go for green offices

Solvay to become
a **paperless company**



Solvay to generate
almost
0 Food Waste

Solvay to become
an Office **Single-use
plastic free company**

China Pilot
May-Sept 2020

-16%
printings in
China since
launch

-25% of
single use
plastic in
2020

+

A change
in daily
habits

-20% of
food waste
targeted in
2020

RECOGNITIONS on SUSTAINABILITY



MSCI 

AAA
(scale AAA to CCC)

ISS ESG 

B-
=top10%, scale A+ to D-

ecovadis

Top 1%
In our category

 **SUSTAINALYTICS**

Top category

vigeo  **eiris**

In the Euronext
Vigeo 120 index

 **CDP**

C
Scale A to D

act4nature
international

#1
Recognition
on Biodiversity (Oct 1st)



Member of Ethibel



FTSE4Good

Member of FTSE4Good



We have the right strategy for the future



One eye on the
microscope,
one on the
telescope

Our activities are
essential
across the value
chain

Our innovations
are geared
towards a green
recovery





Please join our
ESG webcast
on Oct. 2

Rebounding from the crisis



Progress beyond

Thank you.