




Progress beyond

# Exploring a separation into two independent publicly listed companies

Investor presentation

March, 15 2022

A close-up, macro photograph of a dark grey or black woven fabric, likely a composite material. The weave is a tight, regular pattern of interlocking threads, creating a textured surface. The lighting is soft, highlighting the individual fibers and the depth of the weave.

Our SolvaLite™ composites are up to 40% lighter than metal, allowing manufacturers to create more energy-efficient vehicles that contribute to reducing CO<sub>2</sub> emissions.

# G.R.O.W. strategy launched in 2019 drove a stronger Solvay today...



G

## Accelerate Growth

Prioritize investments in high margin Materials businesses with high growth potential (most sustainable solutions)

- Accelerated innovation focused on 3 growth platforms: Batteries, Thermoplastic Composites, Green Hydrogen
- Step-change in growth investments (e.g. PVDF investments for batteries in Europe & China)

R

## Deliver Resilient cash

Maximize cash flow from resilient Chemicals businesses

- Generated significant free cash flow and return
- Delivering on ambitious roadmap for energy transition (30% reduction underway in soda ash driven by exit from coal)

O

## Optimize returns

Optimize Solutions businesses to unlock value

- Pruning portfolio, driving cost reductions, and focusing on value-added technologies
- Pursued growth projects in selected markets (agro, natural vanillin, eH<sub>2</sub>O<sub>2</sub>)

W

## Win

Create a winning team and operating model

- Defined new purpose and launched ambitious Solvay One Planet roadmap including carbon neutrality by 2050 (soda ash) and 2040 (all other GBUs)



**Simplified portfolio and footprint** with 7 product lines and 28 sites divested totaling ~€2B in sales



**Record cost reductions**



**Record cash flow generation and returns**



**Driving significant EBITDA growth and margin expansion**

# ...Achieving mid-term targets 3 years ahead of plan



	2020-2024 Target <i>As of Nov-2019</i>	2021 Performance <i>Total since 2019</i>	Scorecard
Underlying EBITDA growth 2020-2024	Mid single digit/ year average growth	8% <i>Org vs. 2019</i> 27% <i>Org vs. 2020</i>	✓ +4% CAGR in '19-'21, despite Covid-19 crisis
FCF conversion	Exceed 30% by 2024	37.6%*	✓ >30% since 2020 3 years ahead of time
ROCE	Exceed 11% by 2024	11.4%	✓ >11% 3 years ahead of time
Cost reduction programs (gross saving)	Exceed €350m (original target)**	€390m <i>Total Structural 2020-2021</i>	✓ ~80% of 2024 savings achieved <i>Actions underway to exceed target</i>
Balance sheet improvement	Debt and pension reduction	€2.7B <i>reduction</i>	✓ -33% 1.7x leverage

\* Total FCF to Shareholders: 2019-21: €2.4B  
 \*\*Raised to €500M (in 2020) by 2024

# Significant progress on our Solvay ONE Planet ambitions

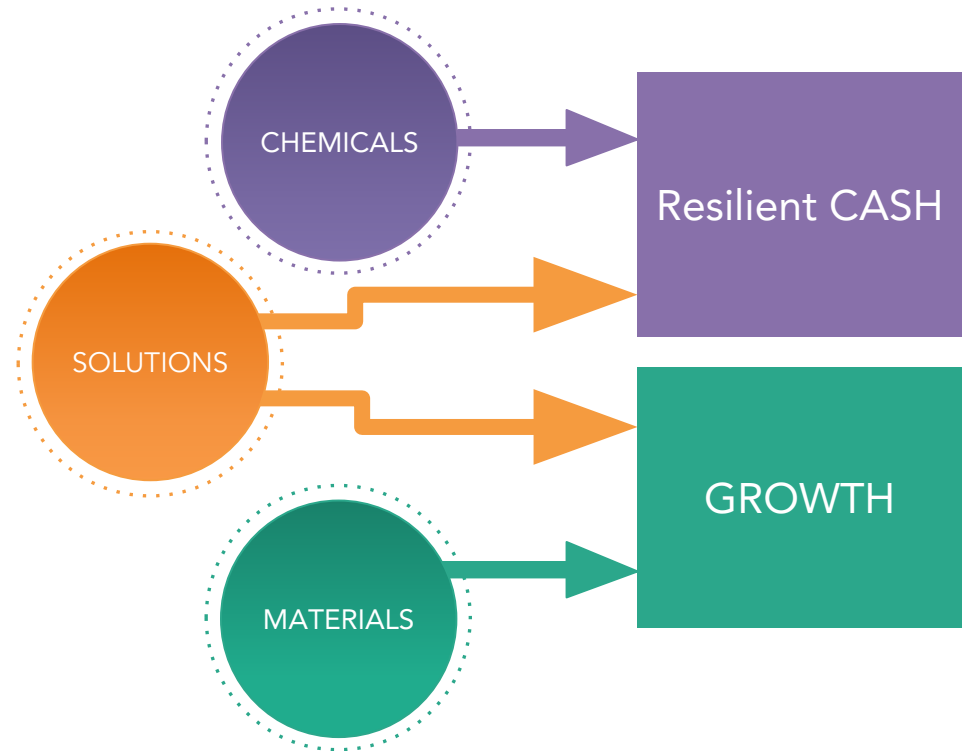


People	Climate	Solvay Solidarity Fund	Solvay ONE Dignity
Employee engagement score 80%	Achieved 11% emission reduction in 3 years vs 6.6% for Paris Agreement  36 energy transition projects	30 projects in 13 countries  To date €6.4m provided	Increased diversity at the top with new leadership community composed of 49% women

# We are now 'Fit'...

- Every business is delivering
- Solutions segment fully Optimized
- Strong financial foundation established
- Best-in-class business leaders
- Decisive, unified culture, with proven record in overcoming crises

...and ready to change the game



# Unlocking value through exploration of separation into two independent publicly listed companies



## EssentialCo

Resilient Cash Generation

€4.1B

2021 Net sales

Providing essential chemicals across attractive end markets

Maximize cash generation and enhance cost leadership

## SpecialtyCo

Accelerated Growth Potential

€6.0B

2021 Net sales

Providing innovative, value-added solutions that support a more sustainable world

Achieve above market growth and strong returns

# Two industry-leaders well positioned to...



- ✓ Intensify focus on strategy and growth opportunities

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- ✓ Prioritize resources to meet unique business needs

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- ✓ Apply differentiated operating model to better serve customers

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- ✓ Pursue distinct capital structures and capital allocation priorities

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- ✓ Accelerate Solvay ONE Planet sustainability roadmap

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- ✓ Attract and retain talent best suited for distinct businesses

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- ✓ Improve investment thesis for differentiated investor needs

# Overview of envisioned transaction



## Structure

- Separation into two independent publicly traded companies via spin-off
- Expected to be tax efficient for a vast majority of shareholders in key jurisdictions

## Timing & Approvals

- Expected to be completed in the second half of 2023
- Subject to general market conditions and customary closing conditions, including final approval by Solvay's Board of Directors, consent of certain financing providers and shareholder approval

## Financial Considerations

- Tailored capital structures to support value creation objectives
  - EssentialCo to maintain a prudent financial policy to support cash generation
  - SpecialtyCo committed to strong investment-grade rating. The company will have full financial flexibility at time of separation to fund its growth plan
- Current strong investment grade rating of Solvay SA intended to be preserved until separation
- Solvay SA committed to offer current USD and EUR senior and hybrid bondholders the option to be transferred to SpecialtyCo at time of separation
- The dividend at the outset is intended to be aligned with Solvay's current level

## Governance

- Supported by reference shareholder
- Both entities will be run fully independently with highest governance standards
- Details about Board and management will be provided at a later date

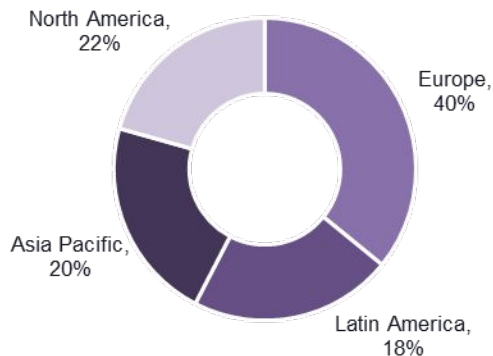


# Market-leading Essential Chemicals across attractive and resilient end markets



€4.1B

2021 Net sales



## MARKET POSITION

Soda Ash  
& Derivatives

#1 Soda Ash (global)

#1 Bicarbonate (global)

Peroxides

#1 Hydrogen Peroxide (global)

Silica

#1 Silica for tires (global)

Others  
*(Coatis, Special Chem)*

#1 Coatis (Latin America)

#1 Rare earths for automotive catalysts (global)



Resilient and attractive markets

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Global leadership positions in key segments in concentrated markets, driving strong & resilient cash generation

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Process technology leadership driving efficiency and cost competitiveness

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Supplier of choice with world-class global assets

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Accelerating sustainability roadmap with path to carbon neutrality by 2040 for all businesses and before 2050 for soda ash



## Megatrends



Renewable energy



Resource efficiency



Sustainable resources



Evolving demographics

## Market trends



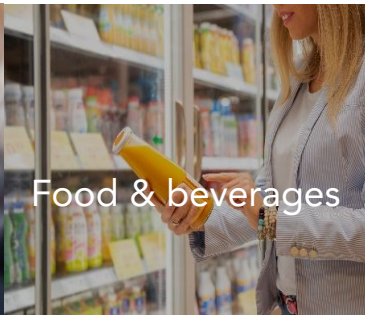
Building & construction

- Energy efficiency
- Solar energy



Auto

- Longer lasting, green tires
- Energy efficiency



Food & beverages

- Recyclable packaging
- Alternatives to single-use plastics



Health & environment

- Air pollution and emission control
- Global access to healthcare treatments



Industrial

- Cleaner production route

# Set to focus on high asset utilization and maximizing cash and returns



Separation enhances cost competitiveness, maximizes cash generation and reinforces leadership

Reinforce leadership positions with focus on process technology

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Drive operational excellence and enhance cost competitiveness

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Accelerate energy transition to lead the industry on sustainability and grow portfolio of solutions

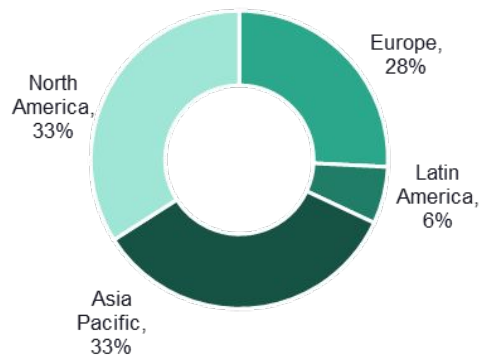
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Pursue expansion and consolidation opportunities



€6.0B

2021 Net sales



Two business segments

		MARKET POSITION	
Two business segments	MATERIALS	Specialty Polymers	#1 High-performance polymers; leading position in thermoplastic composites  Three Growth platforms: <ul style="list-style-type: none"> <li>• Thermoplastic</li> <li>• Batteries</li> <li>• Hydrogen</li> </ul>
		Composites	#2 Composites for civil aerospace  #1 Composites for defense
	CONSUMER & RESOURCES	Novecare	#2 Specialty surfactants and polymers
		Aroma	#1 Flavors & Fragrances; Natural Vanillin
		Technology solutions	#1 Mining reagents
		Oil & Gas	

# A pure-play specialty leader with accelerated growth potential



Attractive end markets supported by strong tailwinds from sustainability-driven megatrends

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#1 or #2 in all core markets, driving above market growth at superior returns and industry-leading margins

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Innovation leadership evidenced by unique and patented solutions

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Partner of choice for leading OEMs and FMCG companies, with strong customer intimacy and joint development programs

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Strong sustainability roadmap, with path to achieving carbon neutrality before 2040



## Megatrends



Lightweighting



Electrification



Advanced connectivity



Resource efficiency

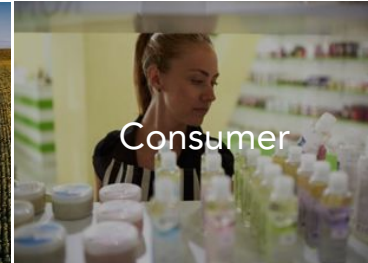
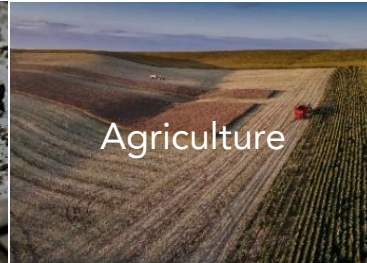
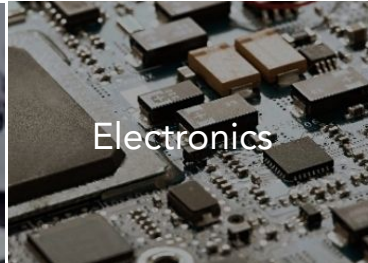


Naturalness & Sustainability



Evolving demographics

## Market trends



- Emission reduction
- Shift to hybrid/EVs
- Defense spending

- Digitalization
- 5G

- NextGen agro (e.g. precision farming)
- Yield improvement

- Natural and bio-based ingredients
- Biodegradable products

- Global access to treatments
- Hygiene & disinfection

# Positioned to accelerate growth and become an innovation leader



Significant growth opportunities through Investments in capacity, innovation and commercial capabilities

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Accelerate organic growth and become a pure-play market leader in Materials & Consumer markets

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Intensify focus on customers and innovation and develop a growing portfolio of sustainable solutions

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Capitalize on new opportunities to further build leading-edge technology positions



# Solvay to unlock greater value for the long-term

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- ✓ Establishes two strong industry leaders positioned to focus on distinctive business models, market and customer priorities

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- ✓ Leverages strong foundation established with G.R.O.W. Strategy

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- ✓ Management focus and strategic flexibility to drive even greater long-term success, growth and value for all of our stakeholders

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- ✓ Full support of Solvay's reference shareholder



# Q&A

# Disclaimer



*Certain statements contained herein may be forward-looking statements including, but not limited to, the statements about the potential separation of Solvay (the “Company”) into EssentialCo and SpecialtyCo, as well as other statements that are predictions of or indicate plans, strategies, goals, future events or intentions. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks, uncertainties and assumptions. Should one or more of these risks and uncertainties materialize, or should any underlying assumptions prove incorrect or any other factor impact those statements, the Company’s and the Solvay Group’s actual results, plans and objectives, including, without limitation, the timing and consummation of the transactions described herein, may differ materially from those expressed or implied in the forward looking statements. The inclusion of such statements should not be regarded as a representation that such results, plans or objectives will be achieved. Important factors that could cause actual results, plans and objectives to differ materially from those expressed in such statements include, among others, the Company’s ability to satisfy the necessary conditions to consummate the contemplated separation, or that such separation will be completed, within the expected time frame, on the expected terms or at all; the Company’s ability to realize the anticipated benefits of the potential separation, in full or at all; the expected tax treatment of the potential separation; potential uncertainty during the pendency of the contemplated separation that could affect the Company’s financial performance; the possibility of disruption, including changes to existing business relationships, disputes, litigation or unanticipated costs in connection with the contemplated separation and related transactions; uncertainty of EssentialCo’s and SpecialtyCo’s financial performance and ability to succeed as standalone publicly traded companies following completion of the separation; negative effects of the announcement or pendency of the separation and related transactions on the market price of the Company’s securities and/or on its financial performance; general economic factors, such as interest rate, currency exchange rate fluctuations and changing market conditions; competition, including technological advances, new products and patents attained by competitors; challenges inherent in new product research and development; the impact of business combinations, divestitures and restructurings, including any reorganizations to be carried out in connection with the contemplated transaction; adverse litigation or government action, including related to product liability claims; changes to applicable laws and regulations, including tax laws and import/export and trade laws; the impact of products withdrawals; regulatory approval processes; all-in scenario of R&I projects. The Company undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise, except as required by applicable laws and regulations.*

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# Thank you.



Progress beyond

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