



# Third Quarter 2022 Results

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November 3, 2022



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# 2022 performance

*breaking new company records*



	Performance	Record result
Underlying EBITDA	+40% yoy Q3 2022 organic growth Record margin at 25.4%	✓
Cost reduction (gross savings)	~€450m total structural 2020-2022	✓
ROCE	15.4% vs 11.4% at the end of 2021	✓
Balance sheet improvement (debt & pensions)	€3.4bn 41% reduction since start of 2019	✓
Underlying Leverage ratio	1.2x vs 1.7x at the end of 2021	✓

# Third quarter 2022 performance

*+29.5% organic sales growth driven by prices, and another record EBITDA*



Net Sales

€3.6bn

+29.5% organic yoy  
+30% pricing  
-0.5% volumes

EBITDA

Underlying

€917m

+39.8% organic yoy  
25.4% EBITDA margin

Free  
Cash Flow

Continuing operations

€452m

14th quarter of positive FCF  
FCF conversion at 36.8%

# Investments and innovation support our growth and sustainability commitments



## Stepping up to enable green mobility

to support customers in the electric vehicle, renewable energy and aerospace industries.



Solid-state  
battery pilot  
unit

Rare earths  
hub for  
magnets

New PVDF  
JV with  
Orbia in NA

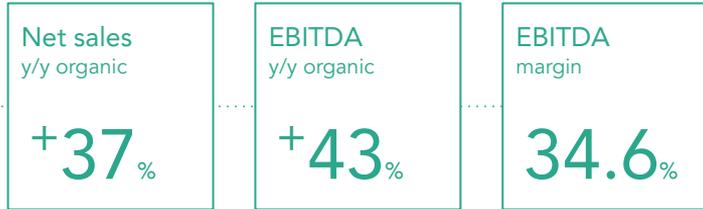


## Innovating for soda ash carbon neutrality

Launch of a pilot project in France to validate a new breakthrough, more sustainable process to produce soda ash.

# Materials

## Q3 2022 performance



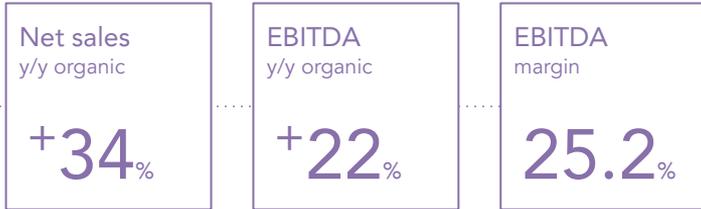
Net sales	Q3 2022 (€m)	% YoY	% YoY organic
Specialty Polymers	853	+50%	+40%
Composite Materials	262	+44%	+27%
<b>Materials</b>	<b>1,114</b>	<b>+48%</b>	<b>+37%</b>

## Highlights

- Specialty Polymers reached another record, driven by both pricing and volume, thanks to sustained demand in most markets, particularly in automotive (incl. EV batteries), electronics (particularly in semiconductors), and healthcare
- Composite Materials' volumes growth was driven by the continued recovery in civil aero, mainly single-aisle programs.
- Record EBITDA margin at 34.6% or +1.9 percentage points versus last year

# Chemicals

## Q3 2022 performance



Net sales	Q3 2022 (€m)	% YoY	% YoY organic
Soda Ash & Deriv.	629	+66%	+55%
Peroxides	217	+39%	+29%
Coatis	225	+10%	-1%
Silica	164	+41%	+34%
<b>Chemicals</b>	<b>1,236</b>	<b>+44%</b>	<b>+34%</b>

## Highlights

- Soda Ash & Derivatives saw sustained demand on tight supply. Price increases offset increased energy and logistics costs. Volume growth was constrained by a production issue which is now resolved. Bicarbonate's growth underpinned by flue gas treatment and pharmaceutical applications
- Peroxides benefited from higher pricing while volumes were down on lower sales in HPPO
- Continued normalization to mid-cycle levels at Coatis and Rusvinyl as demand softens, particularly in Europe
- Silica benefited by higher prices while volumes were slightly lower
- EBITDA margin came of 25.2% in the third quarter or -2.1 percentage points lower versus last-year quarter

# Solutions

## Q3 2022 performance



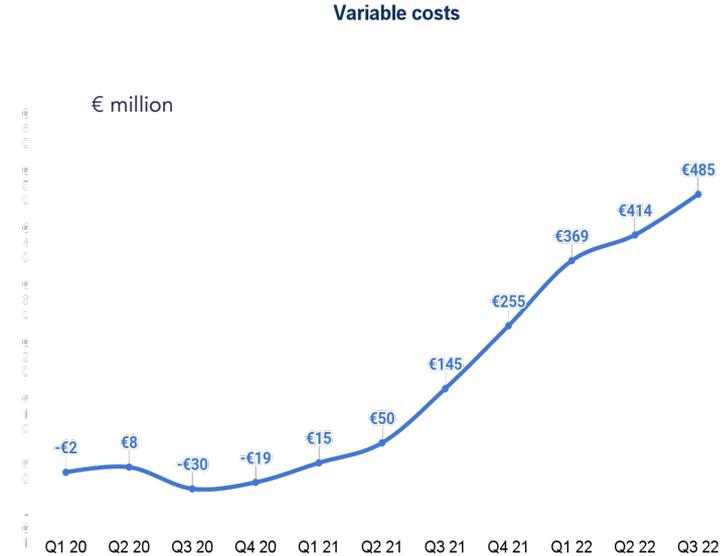
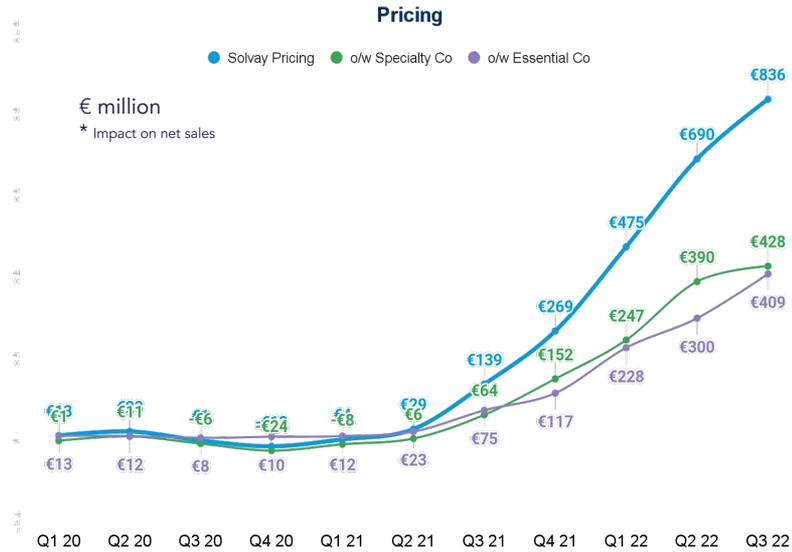
Net sales	Q3 2022 (€m)	% YoY	% YoY organic
Novelcare	511	+33%	+20%
Special Chem	261	+25%	+23%
Techn. Solutions	189	+30%	+16%
Aroma Performance	146	+23%	+13%
Oil & Gas Solutions	151	+41%	+26%
<b>Solutions</b>	<b>1,257</b>	<b>+30%</b>	<b>+20%</b>

## Highlights

- Growth in Novelcare was driven by strong demand in Agro backed by higher prices across all markets while volumes were down in certain markets such as coatings and consumers.
- Special Chem benefited from price increases across most markets, with growth to electronics partially offset by weakness in automotive catalysts.
- Technology Solutions saw sustained demand in mining, particularly copper.
- Aroma Performance faced sustained demand in food & beverage, and flavors & fragrance markets
- Oil & Gas Solutions were supported by higher volumes and prices in core markets
- EBITDA margin at 19.1% or +0.8 percentage point versus last year

# Sustained strong pricing in Q3

€836m in price overcame €485m of inflationary costs

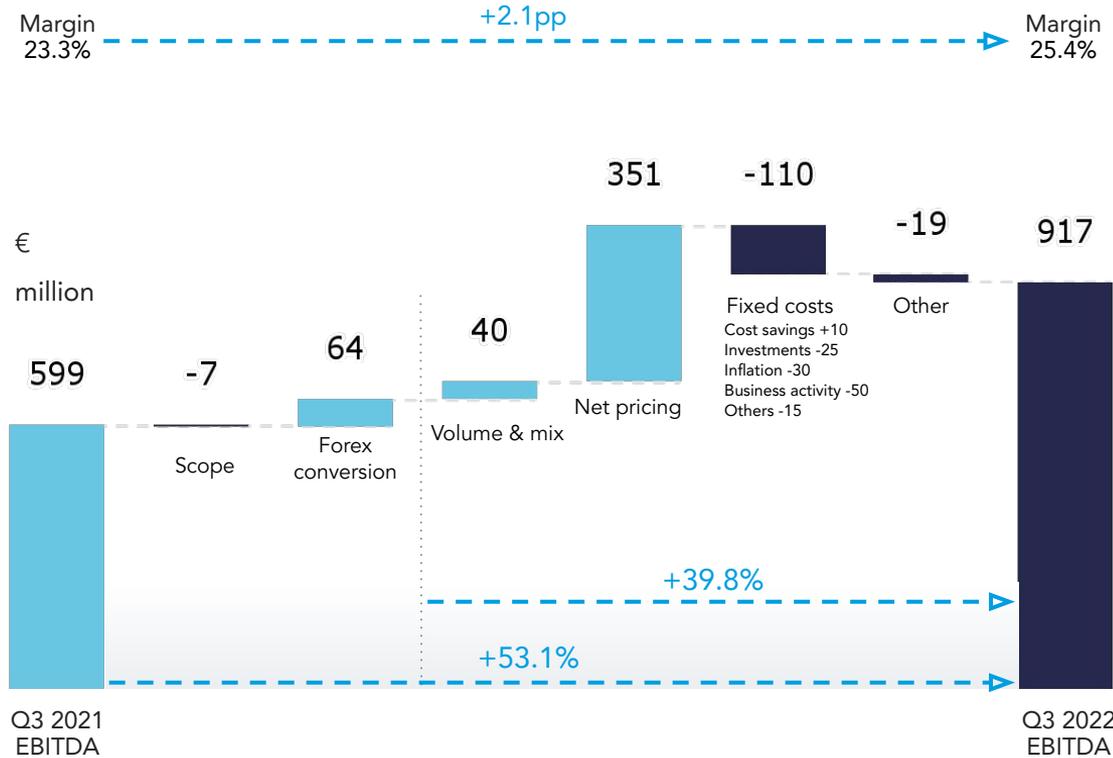


in € million	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Solvay Pricing	€13	€23	€1	-€13	€4	€29	€139	€269	€475	€690	€836
Variable costs	€2	-€8	€30	€19	-€15	-€50	-€145	-€255	-€369	-€414	-€485
Solvay Net Pricing	€15	€16	€32	€6	-€11	-€21	-€6	€14	€106	€276	€351

# Double-digit EBITDA growth



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€917m in Q3 2022

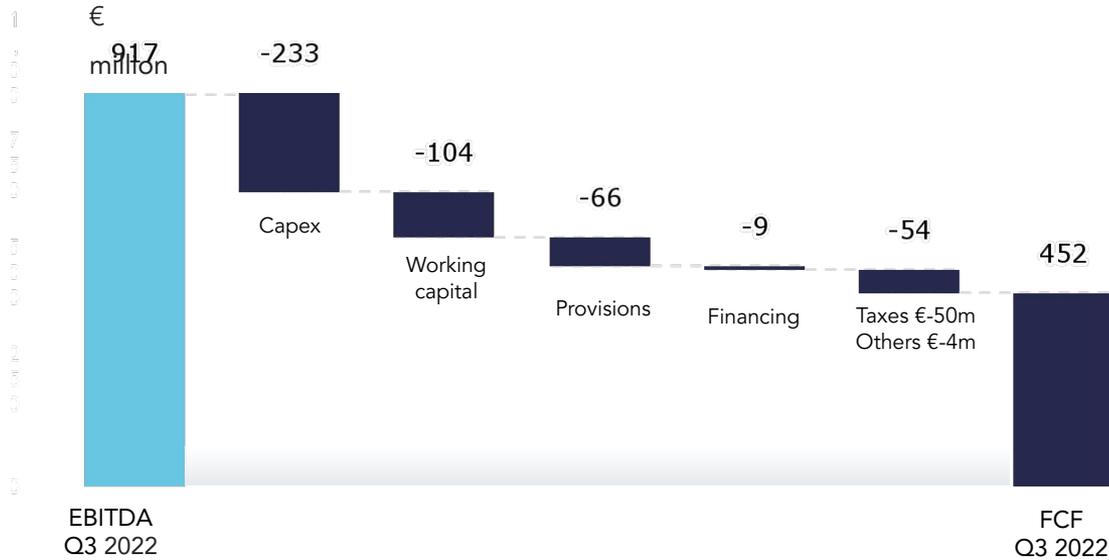
vs. €599m in 2021

## Main drivers

- Pricing more than offset variable costs inflation
- Sustained momentum in key end-markets still supporting volume
- Higher fixed costs on inflation, strong activity and investments

EBITDA reached a **new quarterly record**

# Strong free cash flow generation



€ **452m** in Q3 2022

vs. € 276m in 2021

## Main drivers

- Higher profits
- Investment in growth
- Higher working capital
- No dividend from Rusvinyl JV

Comparison to 2021

EBITDA Q3 2021	Capex	Working capital	Provisions	Financing	Taxes & Others	FCF Q3 2021
<b>599</b>	<b>-171</b>	<b>-7</b>	<b>-77</b>	<b>-8</b>	<b>-60</b>	<b>276</b>

Key enabler to a **sustained FCF conversion of 36.8%**

# 2022 Full-year outlook increased



## EBITDA

Underlying organic\*

around  
**+28%**  
year-on-year

previously between 14% and 18%

## Free cash flow

continuing operations

around  
**€1**<sub>bn</sub>

CapEx est to reach €1bn

previously around €750m





# Q&A

# Annexes



# Key figures



Underlying, in € million	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%
EBITDA margin	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%
Tax rate				23.2%	24.0%	-0.8pp
Profit / (loss) attributable to Solvay shareholders	509	273	+86.1%	1,347	790	+70.6%
Basic earnings per share (in €)	4.90	2.64	+85.9%	12.99	7.63	+70.2%
of which from continuing operations	4.88	2.63	+85.6%	12.94	7.62	+69.9%
Capex in continuing operations	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		

# Segment review



Underlying, in € million	Q3 2022	Q3 2021	% yoy	% organic	9M 2022	9M 2021	% yoy	% organic
Net sales	<b>3,609</b>	<b>2,573</b>	<b>+40.3%</b>	<b>+29.5%</b>	<b>10,141</b>	<b>7,402</b>	<b>+37.0%</b>	<b>+29.5%</b>
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	511	384	+32.8%	-	1,469	1,113	+32.0%	-
Special Chem	261	209	+24.8%	-	785	630	+24.7%	-
Technology Solutions	189	145	+30.3%	-	550	417	+32.0%	-
Aroma Performance	146	119	+22.6%	-	454	338	+34.1%	-
Oil & Gas	151	107	+40.6%	-	441	281	+57.0%	-
Corporate & Business Services	2	1	<i>n.m.</i>	<i>n.m.</i>	7	5	+42.7%	+62.4%
EBITDA	<b>917</b>	<b>599</b>	<b>+53.2%</b>	<b>+39.8%</b>	<b>2,493</b>	<b>1,784</b>	<b>+39.7%</b>	<b>+31.9%</b>
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 & Business Services	-19	-58	+67.2%	-	-167	-132	-26.8%	-
EBITDA margin	<b>25.4%</b>	<b>23.3%</b>	<b>+2.1pp</b>	-	<b>24.6%</b>	<b>24.1%</b>	<b>+0.5pp</b>	-
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	-

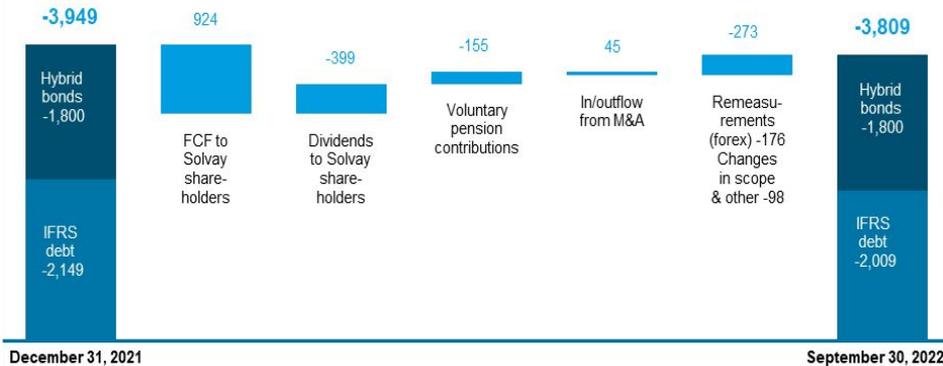
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# Strengthening our balance sheet

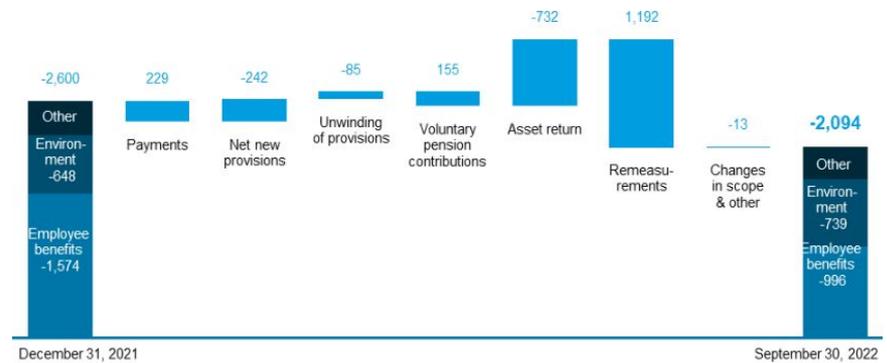
## Reduction in net debt and provisions continue



Net debt in million € vs end of 2021



Provisions in million € vs end of 2021



Underlying net debt slightly down at €3.8 billion

- Higher free cash flow generation
- Offsetting the interim dividend payment

Record low leverage ratio at 1.2x vs 1.7x at the end of 2021

Provisions decreased by €506 million to €2.1 billion, driven by:

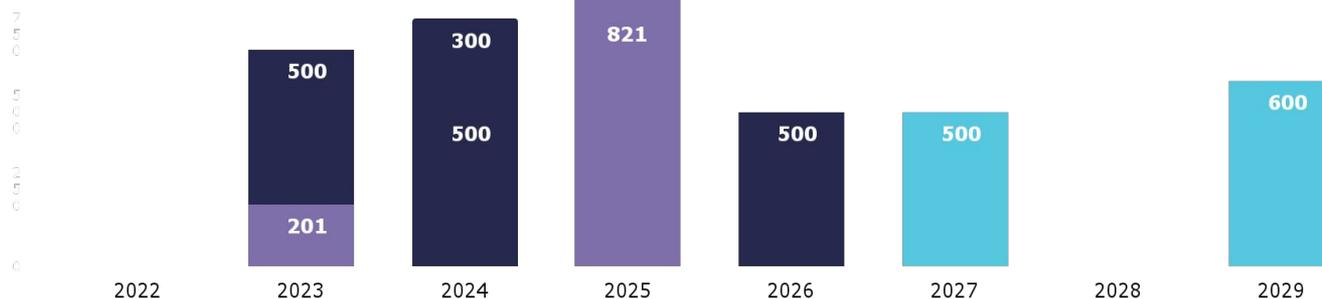
- Higher discount rates
- Additional €155 million voluntary contribution to pension assets in Germany decreased employee benefits provisions
- Lower assets performance
- Increase in environmental provisions €93 million, reflecting the estimated cost of certain remediation activities in West Deptford, NJ over the next 20 years. Additional information is available in the financial report

# Balanced maturities

*Deleveraging and reduced of cost of debt, record low leverage*



Financial debt [1]  
in million € and \$



NET DEBT  
Leverage ratio

**1.2x**

S&P  
Negative outlook

**BBB**

MOODY'S  
Stable outlook

**Baa2**

Period	31 December 2021			30 September 2022			Variation over the period		
	Face value	Avg. maturity	Avg. cost	Face value	Avg. maturity	Avg. cost	Face value	Avg. maturity	Avg. cost
<b>Bond type</b>									
<b>EUR Bonds [1]</b>	1,478	5.4	1.55%	1,100	6.2	1.52%	-378	0.8	-0.03%
<b>EUR Perpetual Hybrid Bonds [2]</b>	1,800	2.7	4.54%	1,800	1.9	4.54%	0	-0.8	0.00%
<b>US Bonds [3]</b>	1,023	3.4	4.22%	1,189	2.7	4.22%	166	-0.8	0.00%
<b>Total</b>	<b>4,301</b>	<b>3.8</b>	<b>3.44%</b>	<b>4,089</b>	<b>3.3</b>	<b>3.64%</b>	<b>-211</b>	<b>-0.5</b>	<b>0.20%</b>
	in € million	in years	in %	in € million	in years	in %	in € million	in years	in %

Major debt only, excluding cost of currency swaps

[1] The initial €750m bond, maturity 2022, was redeemed for €372.5m in Nov 2021 and the remaining €377.5m in Sep 2022

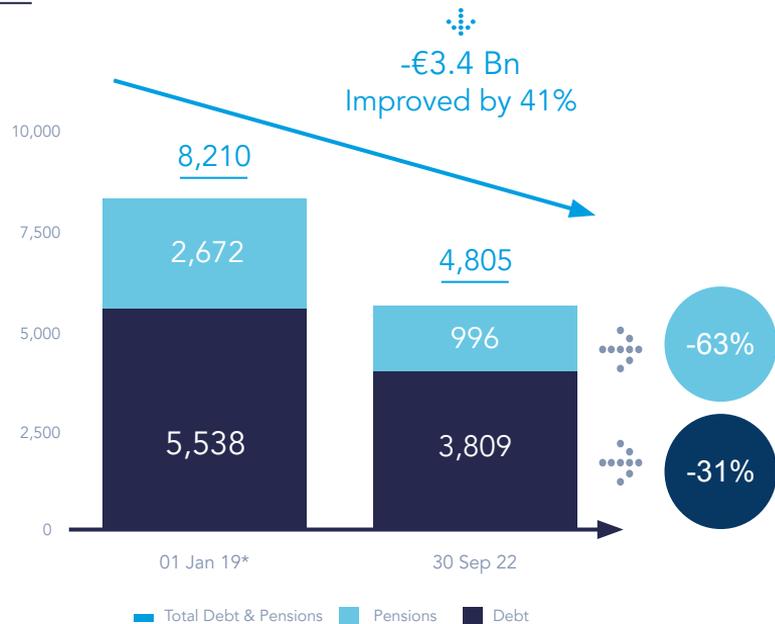
[2] At first call date

[3] US\$ 1,160m, FX €/€ as of 30 Sep 2022

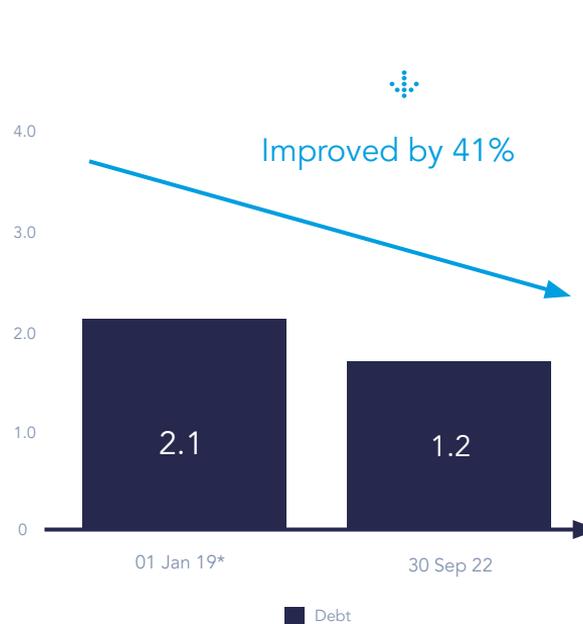
# €3.4 billion of deleveraging



Debt & pensions  
in € million



Leverage  
ratio



# Structural cost reduction

~90% of 2024 cost savings achieved



Realized in FY  
2020

~€175m

Realized in FY  
2021

~€213m

Realized in 9M  
2022

~€59m

## Permanent structural levers

- Restructuring: ~45% of total
- Indirect costs reductions: ~35%
- Productivity efficiencies: ~20%

Total costs savings to date

~€450m

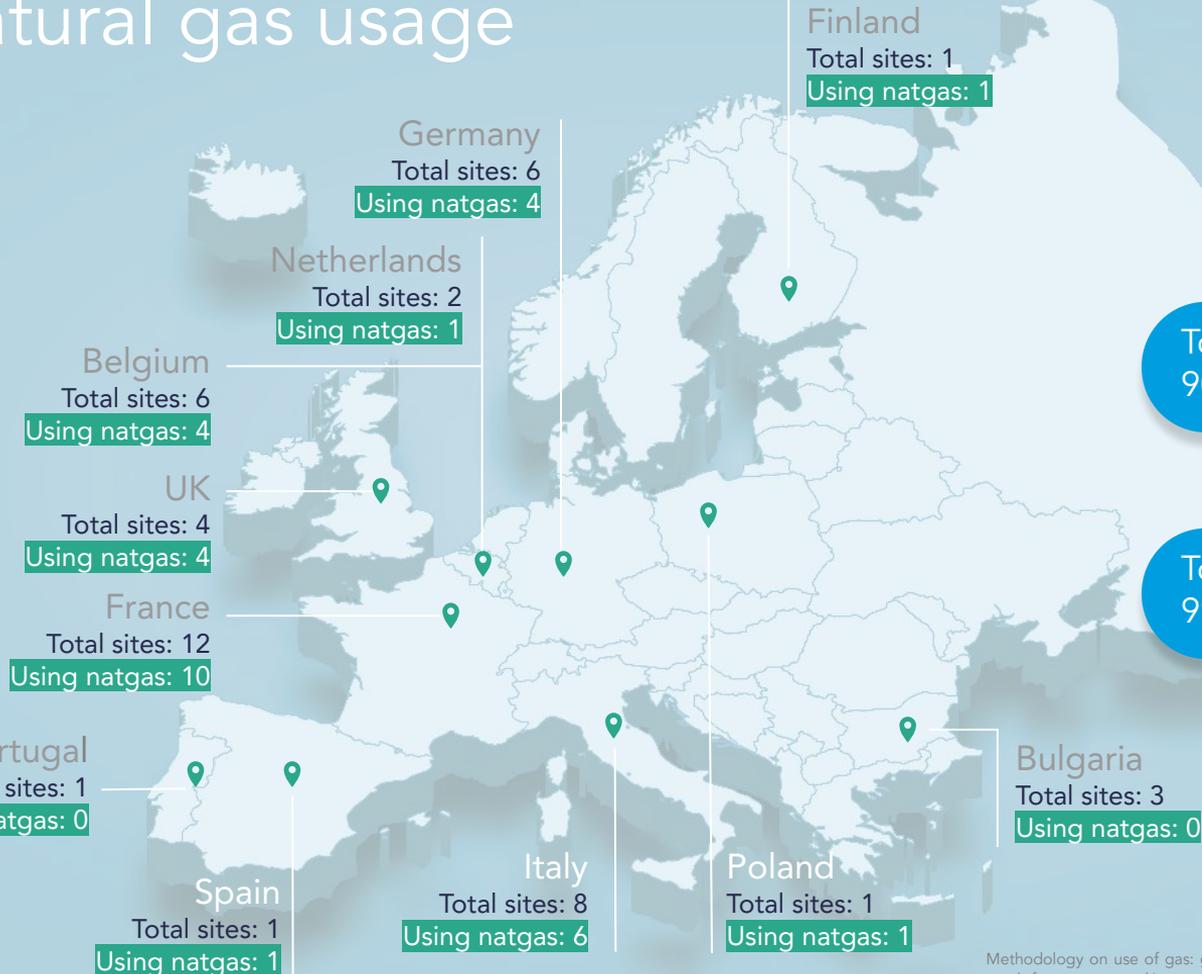
Costs savings target by 2024

€500m

# Solvay's natural gas usage in Europe



32 of 45 sites use natgas



Top-10 sites  
90% of total



Top-20 sites  
99% of total



# Contingency plans launched to mitigate the risk and ensure business continuity



## Activities in our control

### Industrial

- Ensure production continuity, prioritize critical/ high-margin for our customers
- Leverage global assets in the Americas & APAC to compensate for EU volumes in order to guarantee security of supply to our customers

### Procurement

- Ensure security of supply of natgas & critical raw materials currently sourced from Europe

## Our contingency plans

are aligned with the recently announced EU criteria

Rental of backup boilers to use alternative fuels	Adapt existing burners to use alternative fuels	Reduce/stop cogeneration & gas turbines	Secure possibility to restart coal boilers	Align on curtailment scheme with partners & authorities
8 sites underway	2 sites implemented 2 under feasibility review	5 sites implemented 4 potential	1 site underway	6 sites with partners

# Market segment & region annual figures



Region (% 2021 Net Sales)	Group	Materials	Chemicals	Solutions
Europe	27%	31%	32%	21%
North America	26%	31%	18%	29%
Latin America	13%	2%	25%	10%
Asia and rest of the world	34%	36%	25%	40%

End markets (% 2021 Net Sales)	Group	Materials	Chemicals	Solutions
Automotive & Aerospace	24%	50%	16%	10%
Industrial applications & Chemical Industry	20%	11%	23%	24%
Consumers goods, Healthcare & HPC	16%	12%	23%	14%
Agro, Feed & Food	13%	3%	17%	17%
Resources & Environment	12%	4%	9%	19%
Building	9%	4%	11%	10%
Electronics	7%	15%	0%	6%



**TOP 3**  
Market position  
in ~ 90% of  
portfolio



**53%**  
Net sales  
generated by  
sustainable  
solutions

# Why invest?

We aim to reshape the global chemical industry by delivering solutions that meet the world's sustainability challenges and provide critical solutions in fast-growth markets.

We focus on creating long-term value and we do so efficiently, which results in steady annual revenue and cash generation, a strong track record of continued shareholders distribution with a stable dividend, and one of the highest margins among our competitors. And above all, sustainable value creation is at the core of the way we conduct business.



Future growth potential fuelled by megatrends

.....



Global scale, diversity of products and end-markets, reliable infrastructure

.....



Proven resilience through Crises



Customer partnerships drive innovation

.....



Key leadership positions

.....



Bold ESG Ambition with Solvay ONE Planet