



Progress beyond

Press Release
Regulated information/
Inside information

Solvay Announces Capital Structures and Financial Policies for SpecialtyCo and EssentialCo

- *Strengthened balance sheet supports separation into two strong industry leaders*
- *Both companies to pursue financial policies consistent with investment grade ratings*
- *Target capital structures to support superior value creation*
- *Liability management process planned prior to separation*
- *Conference Call with analysts and investors to be held on June 16, 2023 at 2pm CEST*

Brussels, June 16, 2023, 7:00am CEST - Solvay announces the target capital structures of the independent publicly traded companies, SpecialtyCo and EssentialCo, that will result from its planned separation into two industry leaders.

Over the last four years, Solvay has significantly strengthened its operational and financial performance. The magnitude of the transformation provides the foundations to separate and create two global leaders. Each will start with balance sheets and liquidity, reflecting both their improved past performance and their robust business outlook. As a result, each is poised and resourced to create superior and sustainable value for their stakeholders.

Dr. Ilham Kadri, CEO of Solvay, said "Today marks a new milestone in the separation project we announced over one year ago. Having both companies target investment grade ratings with distinctive and appropriate financial policies is a great achievement. With the optimized capital structures, each company is well equipped to operate independently to achieve their goals and create more compelling value for all."

Solvay has developed targeted capital structures for each independent company based on their respective growth trajectories, investment objectives, and dividend policies.

SpecialtyCo - A Specialties Leader with Superior Growth Potential

SpecialtyCo develops innovative, value-added solutions that support a more sustainable world. SpecialtyCo will seek to drive above-market growth, industry-leading margins and compelling returns.

- SpecialtyCo will maintain disciplined capital allocation and will be committed to a strong investment-grade rating.
- The current dividend level of Solvay for the 2023 financial year will, after completion of the separation, be apportioned between the two companies, with SpecialtyCo assuming 40% of the dividend share.
- SpecialtyCo is expected to adopt a dividend policy that enables the Company to invest in the growth that will deliver sustainable value creation to shareholders, whilst preserving a structural capacity to deleverage over time.



EssentialCo - An Essential Chemicals Leader with Resilient Cash Generation

EssentialCo masters technologies that have proven essential across a number of attractive and resilient end markets. With a focus on enhancing its cost leadership, EssentialCo will seek to maximize its cash generation.

- EssentialCo will be committed to an investment grade rating.
- The current dividend level of Solvay for the 2023 financial year will, after completion of the separation, be apportioned to EssentialCo for 60% of the dividend share.
- EssentialCo is expected to maintain Solvay's current dividend policy of stable or increasing dividends.

Additional Information and Next Steps

EssentialCo is expected to issue around €1.5bn in new bonds in the period following the separation. As previously indicated, existing Solvay SA bondholders will be offered the opportunity to transfer obligations to SpecialtyCo before the separation, consistent with the expectation that it will enjoy a strong investment grade rating.

By contrast, hybrid bonds are not, at this point in time, expected to be a permanent part of the capital structures of either company. Solvay plans to call the PNC 2023 Hybrids (€800m) at their first call date and plans a tender of the PNC 2024 Hybrid (€500m) ahead of the separation.

The implementation of these transactions and their terms will depend on market conditions and will be announced to all bondholders in August. Further, Solvay reserves the right to change the approach to planned transactions prior to their implementation.

The targeted indicative capital structures¹ to support value creation of EssentialCo and SpecialtyCo are summarized in the table below.

		(€ Bn)	
		<u>EssentialCo</u>	<u>SpecialtyCo</u>
Profit	Underlying EBITDA ²	1.3	1.9
	Financial Debt		
	Underlying Gross debt	-2.5	-2.8
	Underlying Net debt	-1.9	-1.6
Other Liabilities	Net pension liabilities	-0.7	-0.3
	Environmental liabilities	-0.4	-0.3

¹ Financial debt indications are based on projections at the end of 2023 whereas Other Liabilities indications are based on end 2022 unaudited figures

² Underlying EBITDA: 2022 unaudited figures



About Solvay

Solvay is a science company whose technologies bring benefits to many aspects of daily life. With more than 22,000 employees in 61 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 €13.4 billion in 2022. Solvay is listed on Euronext Brussels and Paris (SOLB). Learn more at www.solvay.com.

Disclaimer

The contemplated separation is 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 at an extraordinary general meeting, and is expected to be completed in December 2023. There can be no assurance, however, regarding the ultimate timing of the separation or that the separation will actually be completed. The Company will keep the market informed if and when appropriate.

Certain statements contained herein may be forward-looking statements including, but not limited to, the statements about the potential separation of 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, as well as 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.

This press release is for informational purposes only and is not intended to, and does not, constitute an offer or invitation to sell or solicitation of an offer to subscribe for or buy, or an invitation to purchase or subscribe for, any securities of the Company, EssentialCo or SpecialtyCo, any part of the business or assets described herein, or any other interests or the solicitation of any vote or approval in any jurisdiction in connection with the transactions described herein or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. This press release should not be construed in any manner as a recommendation to any reader thereof.

This press release is not a prospectus or other offering document for the purposes of Regulation (EU) 2017/1129 of June 14, 2017 (as amended, the "Prospectus Regulation"), and the allocation of shares of Specialty Holdco Belgium SRL ("SpecialtyCo") to Solvay's shareholders as part of the contemplated partial demerger of Solvay is expected to be carried out in circumstances that do not constitute "an offer to the public" within the meaning of the Prospectus Regulation. SpecialtyCo is currently preparing a registration document, which will become a constituent part of SpecialtyCo's prospectus for purposes of the admission to trading of SpecialtyCo's shares on the regulated markets of Euronext in Brussels and Paris. The registration document will be made available to investors at no cost on <https://www.solvay.com/en/investors/creating-two-strong-industry-leaders> and at the registered office of SpecialtyCo, at Rue de Ransbeek 310, 1120 Brussels, Belgium.

The distribution of this press release may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes, should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This press release is directed solely to persons in the United Kingdom who (i) have professional experience in matters relating to investments, such persons falling within the definition of "investment professionals" in Article 19(5) of the FSMA (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order") or (ii) are persons falling within article 49(2)(a) to (d) of the Financial Promotion Order or other persons to whom it may lawfully be communicated or caused to be communicated, (all such persons together being referred to as "relevant persons"). This press release is directed only to relevant persons and must not be acted on or relied on by persons who are not relevant persons.



Contacts

Media Relations

Nathalie van Ypersele
+32 478 20 10 62

Martial Tardy
+32 475 83 01 14

Peter Boelaert
+32 479 30 91 59

media.relations@solvay.com

Investor Relations

Jodi Allen
+1 609 860 4608

Geoffroy d'Oultremont
+32 2 320 79 75

Bisser Alexandrov
+32 2 264 3687

Imtiyaz Lokhandwala
+1 609 860 3959

investor.relations@solvay.com



Follow us on Twitter [@SolvayGroup](https://twitter.com/SolvayGroup)

Ce communiqué de presse est également disponible en français.
Dit persbericht is ook in het Nederlands beschikbaar.