Q2 2023 results

August 3, 2023

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Forenote

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Pricing supports solid Q2 2023

€3.1 bn
NET SALES

-9.2%
organic

+4.1% pricing
-13.2% volumes

€790 m
EBITDA

-2.6%
organic

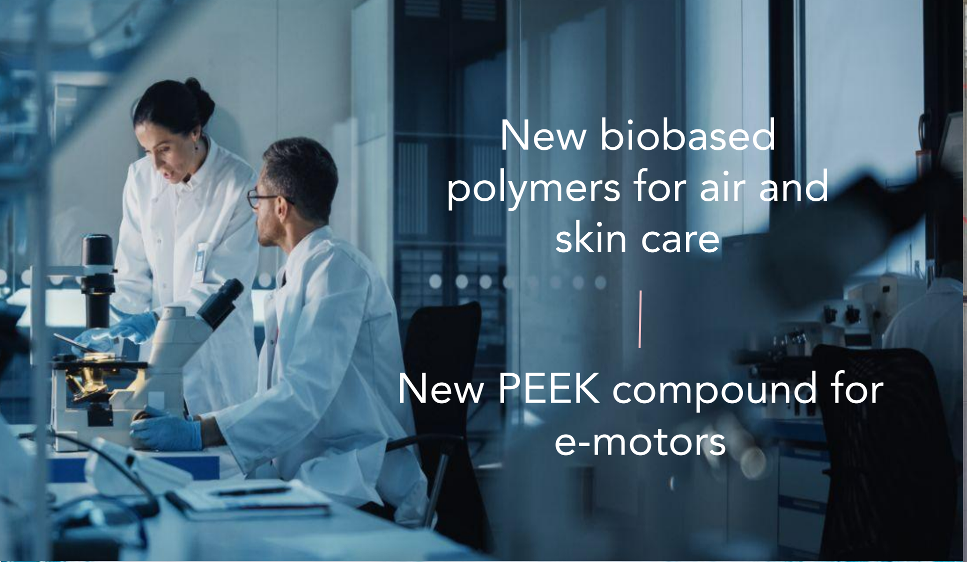
25.6%
EBITDA margin

€556 m
FCF

40%
FCF conversion

16.3%
ROCE

+2.6pp
vs Q2 2022


New biobased polymers for air and skin care
New PEEK compound for e-motors


Green Hydrogen hub in Italy to decarbonize our operations


SOLVAY
Partnership towards sustainable aviation technologies and solutions
Zotefoams, Spirit, Ascendance Flight technologies

Materials Q2 2023

	Q2 2023 (€m)	% YoY	% YoY organic
Specialty Polymers	821	+1.4%	+5%
Composite Materials	271	+13.7%	+16%
Net Sales	1,092	+4.2%	+7.3%
EBITDA	365	+7.2%	+9.4%
EBITDA Margin	33.4% (+0.9pp)		

Q2 Highlights

- Specialty Polymers' sales improved primarily due to sustained prices. Volumes were slightly lower due to reduced demand in batteries (destocking mainly in China), while polymers used in semiconductors grew in the quarter.
- Composite Materials' sales were up supported by higher volumes and price thanks to the increase in build rates for commercial aircraft and growth in space & defense markets.
- EBITDA margin at 33.4% or +0.9 percentage points versus last year

All figures rounded

Chemicals Q2 2023

	Q2 2023 (€m)	% YoY	% YoY organic
Soda Ash & Deriv.	518	-3%	-3%
Peroxides	161	-10.3%	-9%
Coatis	182	-23.1%	-24%
Silica	153	-8.6%	-7%
Net sales	1,014	-9.3%	-8.9%
EBITDA	308	-2.3%	+10.3%
EBITDA Margin	30.4% (+2.2pp)		

Q2 Highlights

- Soda Ash & Derivatives' lower volumes from reduction in construction demand and more competition in the Seaborne market. Demand was also weaker for bicarbonate.
- Peroxides saw soft demand in pulp and paper and HPPO used construction.
- Coatis' performance continued to normalize As expected. Volumes declined due to lower demand in Brazil and Europe.
- Silica sales were down due to lower volumes in the tire market from soft demand in automotive.
- Higher pricing supported margin improvement in the quarter.

All figures rounded

Solutions Q2 2023

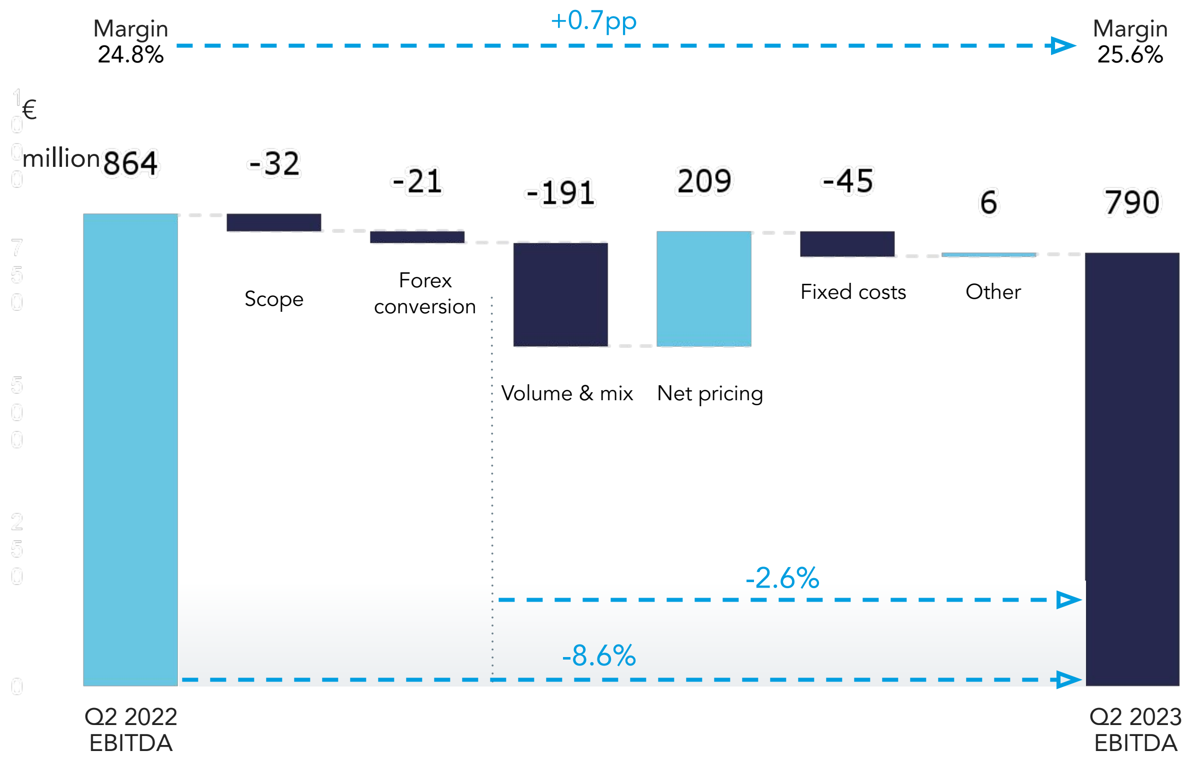
	Q2 2023 (€m)	% YoY	% YoY organic
Novecare	338	-33.2%	-30%
Special Chem	255	-10.6%	-9%
Techn. Solutions	176	-15.2%	-14%
Aroma Performance	89	-46.7%	-46%
Oil & Gas Solutions	117	-18.4%	-14%
Net Sales	975	-25.5%	-23%
EBITDA	169	-42.1%	-39.8%
EBITDA Margin	17.3% (-5%pp)		

Q2 Highlights

- Novecare sales were lower due to softening of demand in consumer and construction markets as well as destocking in agro.
- Special Chem came lower due to weak demand in electronics, while Technology Solutions was lower from phosphorus sales to electronics partly offset by higher mining.
- Aroma Performance volume declined due to lower demand for vanillin used in the flavors, fragrance, and food as a result of customer destocking and competitive pressure.
- Oil & Gas sales decreased came, with lower natural gas drilling activity in the US due to the decline in natural gas prices
- EBITDA margins were down in the segment due to the impact of lower volumes on a stable fixed cost base..

All figures rounded

Improved EBITDA margin



€790m in Q2 2023

vs. €864m in Q2 2022

Main drivers

- Higher prices
- Lower volumes on subdued demand and destocking
- Inflation-driven fixed costs but contained by savings and lower spend

Higher EBITDA Margin driven by pricing and cost discipline

Structural cost reduction

2024 cost savings achieved 1.5 years ahead of time ✔

Realized in FY 2020
€175m

Realized in FY 2021
€213m

Realized in FY 2022
€79m

Realized YtD 2023
€36m

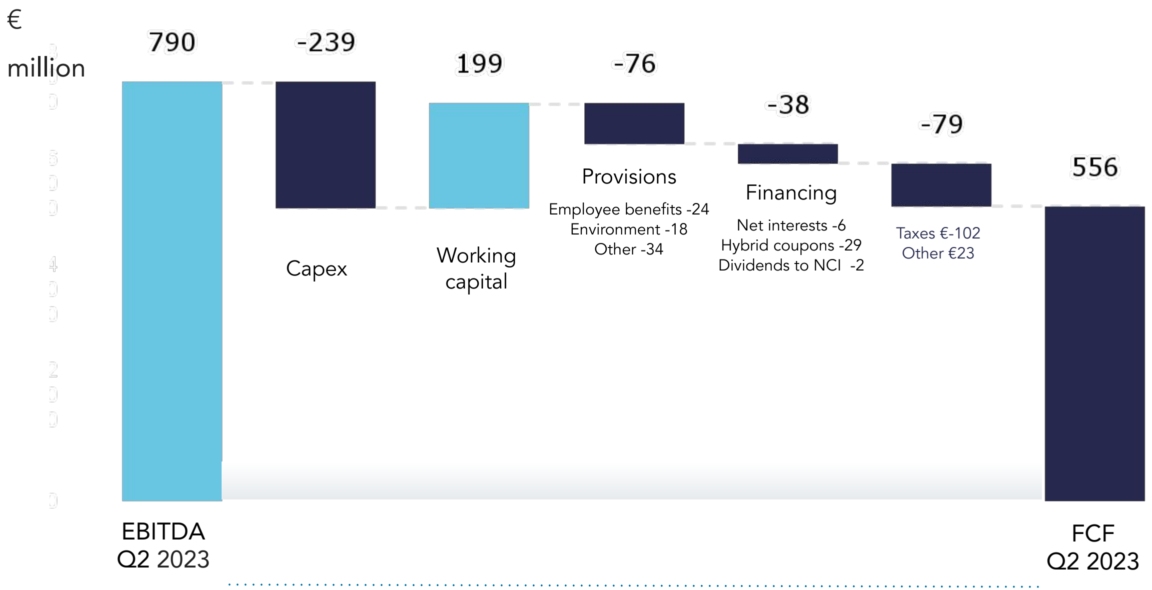
Total costs savings to date
€502m

Targeted annual run-rate by 2024
€500m

Permanent structural levers

- Restructuring: ~50% of total
- Indirect costs reductions: ~30%
- Productivity efficiencies: ~20%

Positive free cash flow generation



EBITDA Q2 2022	Variation versus 2022					FCF Q2 2022
	Capex	Working capital	Provisions	Financing	Taxes & Others	
864	**-59**	**400**	**6**	**19**	**8**	**257**

€ 556m in Q2 2023

vs. € 257m in Q2 2022

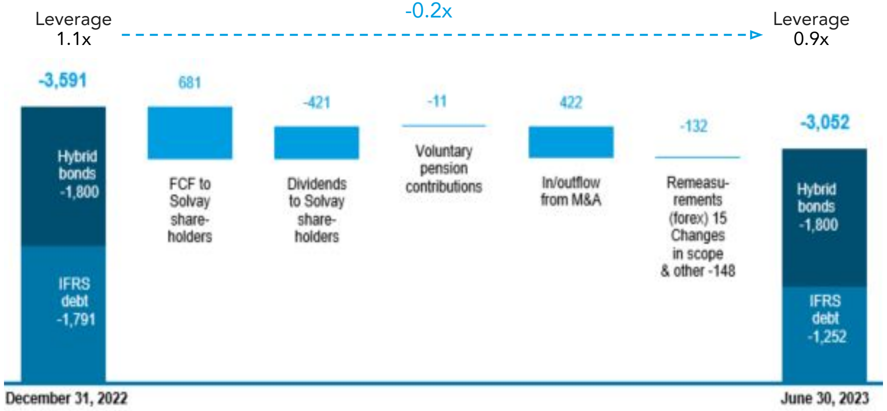
Main drivers

- Investments in growth
- Reduction in working capital

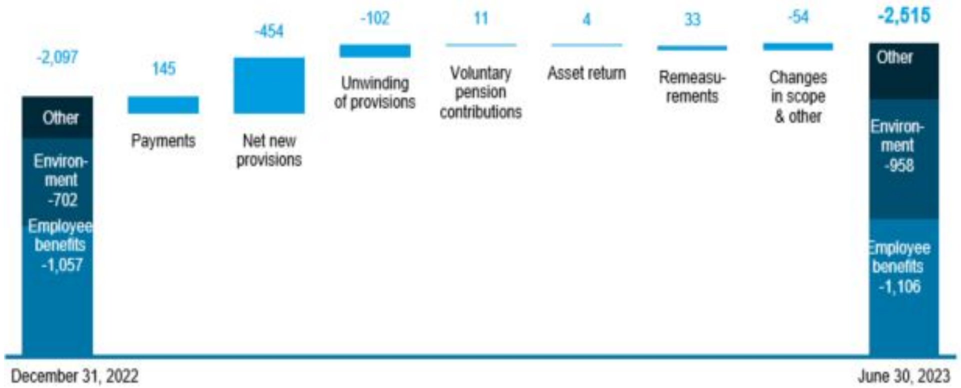
FCF Conversion at 40%

Strengthening our balance sheet

Net debt end of Q2 2023
(in € million)



Provisions end of Q2 2023
(in € million)



Underlying net debt decreased by €539m to €3.05 billion

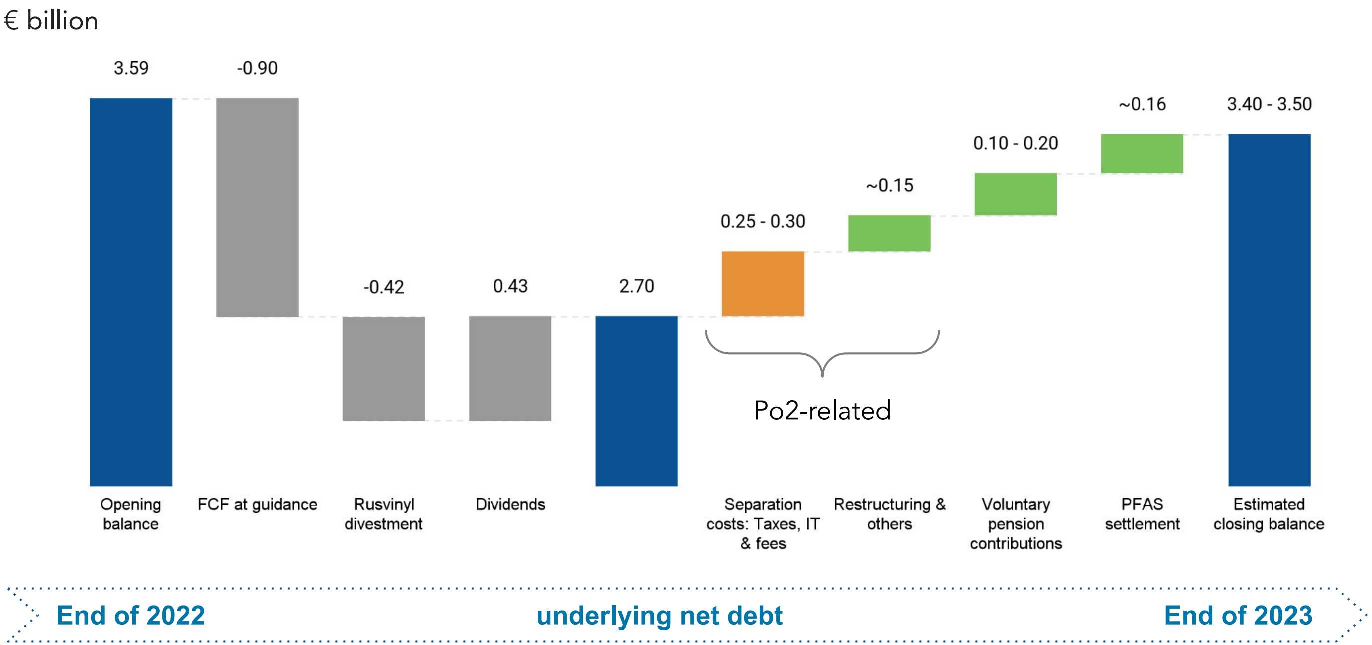
- €681 million strong operational free cash flow
- €432 million proceeds from the sale of the RusVinyl joint venture
- €-421 million dividend payment

Record low leverage ratio at 0.9x vs 1.1x at the end of 2022 and 2.0x at the end of 2019

Provisions increased by €417 million, of which €248 million in Q2 2023, to €2.5 billion, mainly driven by:

- €229 million provision resulting from New Jersey (USA) PFAS settlement reached in June 2023. This amount does not reflect potential recoveries from other contributors and excluding possible insurance recoveries.

Investment for more value



Source: figures as announced on June 16 (capital structure) and June 28 (PFAS)
Note: net debt at the end of 2023 might be lower as the first payment of $175 million to NJDEP expected in 2024
Po2-related costs are costs associated with the demerger project

- Separation costs below benchmark (3% - 5% of revenues)
- Split of ~€3.5bn net debt:
  - EssentialCo: €1.9bn
  - SpecialtyCo: €1.6bn

Outlook confirmed

FY 2023 EBITDA

+2% to -5%
organic growth

Free Cash Flow

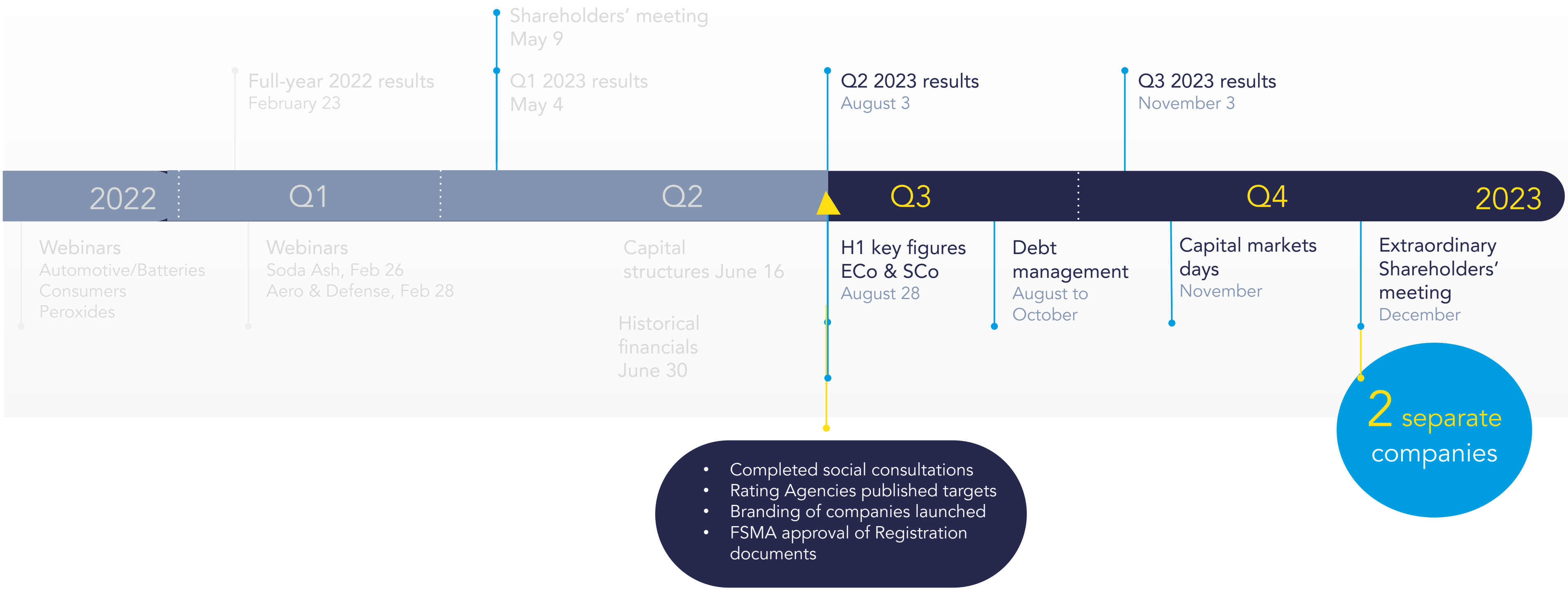
€900 million
minimum

* On an organic basis means at constant forex and scope. FY 2022 reported underlying EBITDA of €3,229 million included profits from Rusvinyl, which was divested in Q1 2023, and reflected stronger $/€ exchange rates, which together total €180 million assuming current exchange rates continue into H2. FY 2022 underlying EBITDA on a comparable basis to 2023 is €3,050 million.

Q&A

Annexes

On track for December 2023

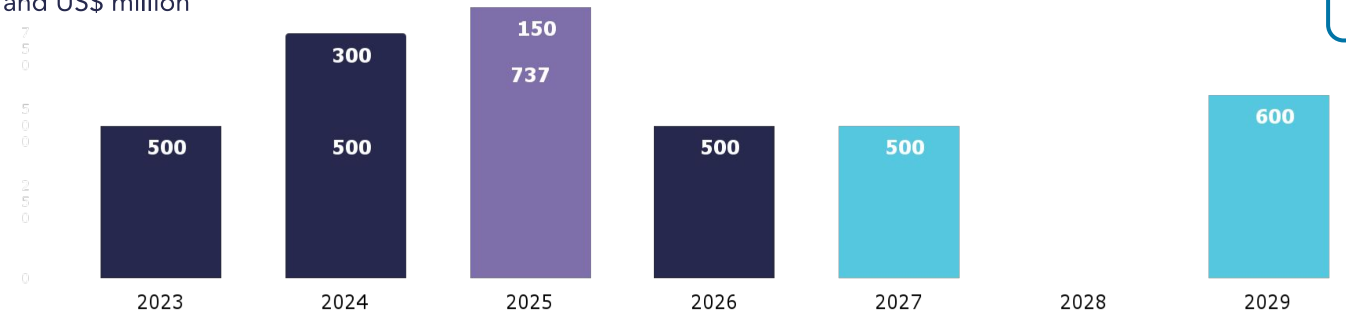


This timetable is indicative and reflects a likely scenario.
ECo and SCo are not reflective of the future company names.

Balanced maturities

Record low leverage at 0.9x

Financial debt [1]
in € and US$ million



NET DEBT
Leverage ratio
Record low at
0.9x

Period	31 December 2022			30 June 2023			Variation over the period		
Bond type	Face value	Avg. maturity	Avg. cost	Face value	Avg. maturity	Avg. cost	Face value	Avg. maturity	Avg. cost
EUR Bonds	1,100	6.0	1.52%	1,100	5.5	1.52%	0	-0.5	0.00%
EUR Perpetual Hybrid Bonds [1]	1,800	1.7	4.54%	1,800	1.2	4.54%	0	-0.5	0.00%
US Bonds [2]	903	2.9	4.36%	888	2.4	4.36%	-15	-0.5	0.00%
Total	**3,803**	**3.2**	**3.63%**	**3,788**	**2.7**	**3.62%**	**-15**	**-0.5**	**0.00%**
	in € million	in years	in %	in € million	in years	in %	in € million	in years	in %

Major debt only, excluding cost of currency swaps
[1] At first call date
[2] Outstanding USD 963 million at FX €/$ at the end of June 2023

SOLVAY

Solvay
Baa2 / BBB
stable / neg

SpecialtyCo
Expected rating
Baa1 / BBB+
stable /stable

EssentialCo
Expected rating
Baa3 /BBB-
stable / stable

Key figures

Underlying, in € million	Q2 2023	Q2 2022	% yoy	H1 2023	H1 2022	% yoy
Net sales	3,087	3,477	-11.2%	6,254	6,532	-4.3%
EBITDA	790	864	-8.6%	1,629	1,576	+3.4%
EBITDA margin	25.6%	24.8%	+0.7pp	26.1%	24.1%	+1.9pp
EBIT	599	674	-11.2%	1,241	1,200	+3.4%
Net financial charges	-49	-57	+13.1%	-98	-106	+7.7%
Income tax expenses	-120	-141	+15.5%	-251	-238	-5.5%
Tax rate				22.5%	23.7%	-1.2pp
Profit / (loss) attributable to Solvay shareholders	426	470	-9.2%	886	839	+5.6%
Basic earnings per share (in €)	4.10	4.53	-9.4%	8.53	8.09	+5.4%
of which from continuing operations	4.10	4.51	-9.0%	8.53	8.06	+5.8%
Capex in continuing operations	239	180	+32.8%	451	331	+36.4%
FCF to Solvay shareholders from continuing operations	556	257	n.m.	681	473	+44.2%
FCF conversion ratio (LTM)	40.0%	34.5%	+5.5pp	40.0%	34.5%	+5.5pp
Net financial debt				3,052	4,047	-24.6%
Underlying leverage ratio				0.9	1.5	-36.9%

Segment review

Underlying, in € million	Q2 2023	Q2 2022	% yoy	% organic	H1 2023	H1 2022	% yoy	% organic
Net sales	**3,087**	**3,477**	***-11.2%***	***-9.2%***	**6,254**	**6,532**	***-4.3%***	***-3.9%***
Materials	1,092	1,048	*+4.2%*	*+7.3%*	2,114	1,927	*+9.7%*	*+11.1%*
Specialty Polymers	821	810	*+1.4%*	*+4.7%*	1,594	1,481	*+7.6%*	*+9.5%*
Composite Materials	271	238	*+13.7%*	*+15.9%*	520	446	*+16.7%*	*+16.6%*
Chemicals	1,014	1,118	*-9.3%*	*-8.9%*	2,117	2,158	*-1.9%*	*-3.5%*
Soda Ash & Derivatives	518	535	*-3.0%*	*–2.6%*	1,116	1,019	*+9.5%*	*+7.9%*
Peroxides	161	179	*-10.3%*	*-8.8%*	332	358	*-7.4%*	*-7.2%*
Coatis	182	237	*-23.1%*	*–24.4%*	354	460	*-23.1%*	*-26.9%*
Silica	153	168	*-8.6%*	*–7.1%*	316	320	*-1.3%*	*-0.7%*
Solutions	975	1,309	*-25.5%*	*-23.1%*	2,013	2,443	*-17.6%*	*-16.3%*
Novecare	338	506	*-33.2%*	*–30.1%*	724	958	*-24.5%*	*-22.3%*
Special Chem	255	285	*-10.6%*	*–8.6%*	505	525	*-3.7%*	*-2.6%*
Technology Solutions	176	207	*-15.2%*	*–14.2%*	357	362	*-1.1%*	*-1.7%*
Aroma Performance	89	167	*-46.7%*	*-45.8%*	188	308	*-39.1%*	*-38.9%*
Oil & Gas	117	143	*-18.4%*	*-14.2%*	238	290	*-17.9%*	*-16.1%*
Corporate & Business Services	7	2	*n.m.*	*n.m.*	10	4	*n.m*	*n.m*
EBITDA	**790**	**864**	***-8.6%***	***-2.6%***	**1,629**	**1,576**	***+3.4%***	***+8.7%***
Materials	365	340	*+7.2%*	*+9.4%*	727	599	*+21.3%*	*+20.9%*
Chemicals	308	316	*-2.3%*	*+10.3%*	606	595	*+1.9%*	*+14.4%*
Solutions	169	292	*-42.1%*	*-39.8%*	388	530	*-26.8%*	*-25.5%*
Corporate & Business Services	-52	-84	*+37.8%*	-	-92	-148	*+38.1%*	-
EBITDA margin	***25.6%***	***24.8%***	***+0.7pp***	**-**	***26.1%***	***24.1%***	***+1.9pp***	**-**
Materials	*33.4%*	*32.5%*	*+0.9pp*	-	*34.4%*	*31.1%*	*+3.3pp*	-
Chemicals	*30.4%*	*28.2%*	*+2.2pp*	-	*28.6%*	*27.6%*	*+1.1pp*	-
Solutions	*17.3%*	*22.3%*	*-5.0pp*	-	*19.3%*	*21.7%*	*-2.4pp*	-

Broad and strong progress on Solvay One Planet as of 2022

		Progress	2030 targets	
Climate	Reduce our GHG emissions (scope 1 & 2)	-19% (-15% structural)	-30%	
	Phase out coal solid fuels wherever alternatives exist	15%	100%	
	Reduce pressure on biodiversity	28%	-30%	
Resources	Sustainable solutions, % of Group sales	55%	65%	
	Double our sales from circular economy	9.3%	10%	
	Reduce non-recoverable industrial waste	-36%	-30%	✓
	Reduce intake of freshwater	-5%	-25%	
Better life	Aim for zero accident	-20%	0	
	Accelerate DEI and parity in mid & senior management	26.5%	50%	

✓ Progress in 2022 versus 2018 baseline
Accident progress is 2022 comparison versus 2019
DEI: Diversity, Equity and Inclusion

Solvay One Planet broad and strong progress

	Objective	2022	2021	Progress vs. 2018	Comment	2030 targets
Climate	Align greenhouse gas emissions (scope 1&2) with Paris Agreement (Mt)	10.3 -6.4% (-4% structural)	11.0	-19% (-15% structural)	Progress at 2x Paris Agreement	Reduce by 30%
Climate	Phase out coal solid fuels [a] (Petajoules) wherever alternatives exist	28	27	-15%	4 plants exiting coal	Exit 5 plants
Climate	Biodiversity (year on year)	-5%	-13%	-28%	Global Biodiversity score improved	Reduce negative pressure by 30%
Resources	Sustainable solutions, % of Group sales	55%	50% [b]	+5%	Acceleration driven by growth in Materials and Solutions	Achieve 65%
Resources	Circular economy, % of Group sales	9%	8% [c]	n.a.	Progress rapidly approaching the 2030 target	More than double (10%)
Resources	Non-recoverable industrial waste (kt)	56	58	-36%	Exceeded the 2030 target	Reduce by 30%
Resources	Freshwater intake (Mm3)	330	315 [d]	-	change in methodology	Reduce by 25%
Better life	Safety (Reportable Injury and Illness rate - RIIR) [e]	0.34	0.43	-	Reinforcing safety measures at all sites	Aim for zero
Better life	Diversity (% of women in middle/senior management) [f]	26.5%	25.0%	2.8pp	Increasing trend toward parity goals	Achieve 50%
Better life	Equity	Publication of gender pay gap in April 2022 and corrective measures in place with a gap analysis for 951 people				
Better life	Inclusion	High participation in the inaugural Global Employee Share Program				

Strong credentials: Our performance is recognised

MSCI ESG RATINGS

A rating
(scale AAA to CCC)

wbcsd

Reporting Matters
In the top 10 reports

act4nature international

Recognition on Biodiversity

ISS ESG

B- rating
Prime company

Moody's | ESG Solutions

#6/39 in the sector

FTSE4Good

Member of FTSE4Good

ecovadis

Top 2%

CDP

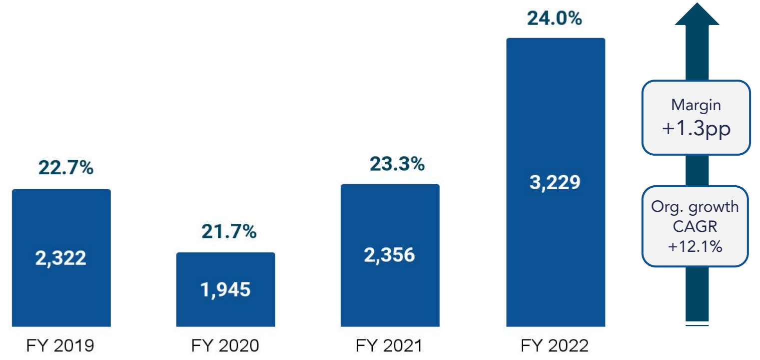
A-
Scale A to D

chemsec CHEMSCORE

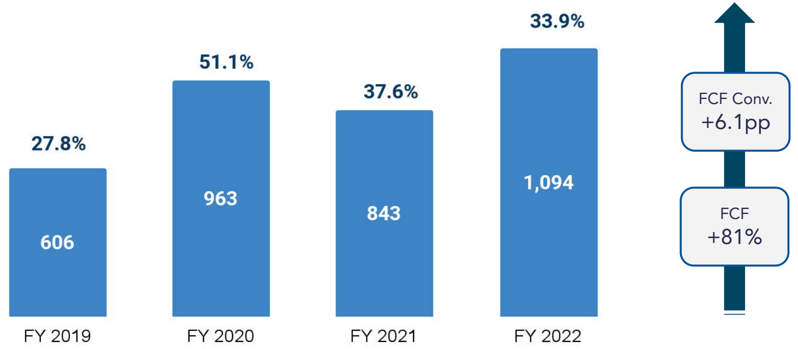
C-
(from A+ to D-)

Strong delivery on all financial metrics as of 2022

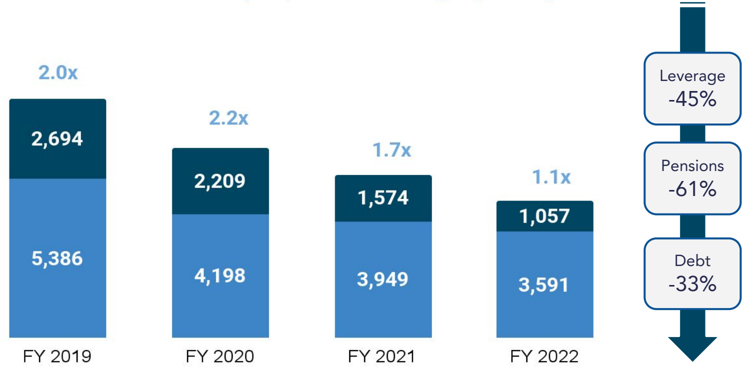
Underlying EBITDA (€m) & Margin (%)



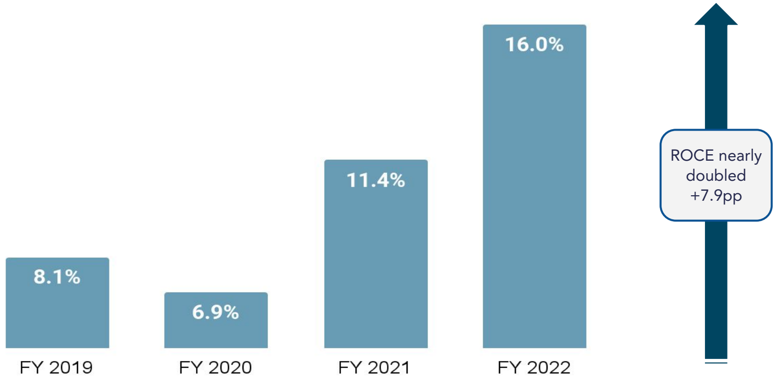
Free Cash Flow (€m) and Conversion (%)



Debt & Pensions (€m) and Leverage (times)



Return On Capital Employed (%)



Definition of KPIs is available in the glossary of the Press Release

A stronger and better company

	2024 G.R.O.W. Targets, set in Nov 2019	2022 Achievements	Improvement 2019-2022
Net sales	-	€13,426m	9.7% CAGR
Underlying EBITDA	Mid-single digit growth (annual average growth) ✓	€3,229m	12.1% CAGR
Margin	-	24.0%	+1.3pp
Costs savings	Exceed €350m annual run rate (raised to €500m)[1] ✓	€79m	€467m cum.
FCF	-	€1,094m	+€3,506m cum.
FCF Conversion	Exceed 30%[2] ✓	34%	+6.1pp
Working capital	Reduce WC/sales ratio by 2pp ✓	12%	-3.5pp
Cashout (interest payments & pension cash service)	Reduction by €75m (pensions >40, interests >35) ✓	€245m	-€204m
Underlying Net Debt	-	€3,591m	-€1,947m
Leverage	-	1.1x	-1.0x
Pensions liabilities	-	€1,057m	-€1,615m
ROCE	Exceed 11% ✓	16.0%	+7.9pp

[1] Original target set in 2020 and upgraded to €500m run rate by 2024
[2] Total FCF to Shareholders: 2019-22: €3.5B

Market segments & geographical footprint

SOLVAY

Region (% 2022 Net Sales)	Group	Materials	Chemicals	Solutions
Europe	27%	28%	34%	19%
North America	26%	30%	16%	32%
Latin America	14%	3%	25%	13%
Asia and rest of the world	33%	38%	25%	36%

End markets (% 2022 Net Sales)	Group	Materials	Chemicals	Solutions
Automotive & Aerospace	24%	51%	16%	9%
Industrial applications & Chemical industry	18%	8%	21%	22%
Consumers goods, Healthcare & HPC	16%	12%	21%	14%
Agro, Feed & Food	14%	3%	19%	19%
Resources & Environment	13%	6%	11%	21%
Building	9%	5%	12%	9%
Electronics	7%	14%	0%	6%

TOP 3
Market position in ~ 90% of portfolio

55%
Net sales generated by sustainable solutions

2021 figures

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

Customer partnerships drive innovation

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

Key leadership positions

Proven resilience through Crises

Bold ESG Ambition with Solvay ONE Planet