

October 28, 2021 at 7 a.m. CEST

Solvay nine months 2021 results

*Strong profit due to high demand, price and mitigation actions
overcoming significant inflationary pressure*

Highlights

- **Net sales** in the third quarter of 2021 were up +25% organically versus Q3 2020 and up by +6% organically compared to Q3 2019 (+12% excluding Composites), reflecting continued strong demand in most of our markets including record sales in Specialty Polymers. Nine months 2021 sales were 15% organically above 9M 2020, and up +0.5% (+6% excluding Composites) compared to 2019.
- **Underlying EBITDA** at €599 million in Q3 2021 was up +31% year on year on a comparable scope and foreign exchange basis, reflecting demand recovery, mitigating actions in the face of sharp increases in energy prices, raw materials and logistics, and structural cost savings of €41 million. Nine months 2021 EBITDA is 28% higher than in 2020 and is 6% higher compared to 2019 (at constant scope and currency).
- **EBITDA margin** at 23.3% is 0.8 percentage points higher than Q3 2020 thanks to higher volumes, pricing, and structural cost measures which partially offset the €145 million impact from rising raw materials, energy and logistics costs.
- **Underlying Net Profit** at €273 million in Q3 2021, 55% higher than versus Q3 2020.
- **Free Cash Flow**¹ amounted to €276 million in Q3 2021, marking the 10th consecutive quarter of positive free cash flow and bringing the nine months 2021 total to €692 million.
- **Interim dividend** of €1.50 gross per share decided by the Board of Directors, stable year on year, to be paid on January 17, 2022.
- **Solvay ONE Planet** sustainability roadmap strengthened with new commitment to reach carbon neutrality before 2050.

Underlying (in € million)	Third quarter					Nine months				
	2021	2020	2019	% org 21/20	% org 21/19	2021	2020	2019	% org 21/20	% org 21/19
Net sales	2,573	2,103	2,578	+24.7%	+6.2%	7,402	6,751	7,803	+15.1%	+0.5%
EBITDA	599	473	601	+31.1%	+6.7%	1,784	1,481	1,796	+28.0%	+5.7%
EBITDA margin	23.3%	22.5%	23.3%	-	-	24.1%	21.9%	23.0%	-	-
FCF ¹	276	366	313	-	-	692	801	345	-	-
FCF conversion ratio (LTM)	39.5%	54.8%	35.3%	-	-	39.5%	54.8%	35.3%	-	-

CEO Quote

"I want to thank our teams for another strong set of results. We saw continued demand recovery in most of our businesses and achieved record sales in Specialty Polymers. Indeed, our Q3 sales performance represents high single-digit growth versus 2019 despite slower dynamics in civil aerospace. Our relentless focus on cost and price actions allowed margins to remain stable comparatively to their pre-covid19 level. Looking forward, further actions are being implemented to account for the rising raw materials, energy and logistics costs. Despite these macro headwinds, we maintain our EBITDA guidance and upgrade our Free Cash Flow estimate by €50 million. As we execute on our GROW strategy, we continue to disproportionately allocate resources to our growth businesses and platforms in order to further enhance our capacity to generate superior and sustainable growth for the future.

I am also proud to announce today that [Solvay has targeted carbon neutrality before 2050](#). We remain focused on delivering on our Solvay One Planet priorities and we will raise the bar in response to climate change. Today's announcement represents a key step forward in our journey toward net-zero emissions."

2021² Outlook

Full year underlying EBITDA estimate is maintained in the range of €2.2 to €2.3 billion notwithstanding the expectation that high energy prices will persist into Q4 2021. The free cash flow estimate is upgraded to around €800 million.

[Register to the webcast scheduled at 13:00 CEST here](#) - [Link to financial report](#) - [Link to financial calendar](#)

¹ Free cash flow is free cash flow to Solvay shareholders from continuing operations

² Barring additional deterioration related to another wave of Covid-19 in the fourth quarter.

Key figures

<i>Underlying, in € million</i>	Q3 2021	Q3 2020	% yoy	9M 2021	9M 2020	% yoy
Net sales	2,573	2,103	+22.4%	7,402	6,751	+9.6%
EBITDA	599	473	+26.6%	1,784	1,481	+20.5%
<i>EBITDA margin</i>	23.3%	22.5%	+0.8pp	24.1%	21.9%	+2.2pp
EBIT	421	277	+51.9%	1,227	850	+44.2%
Net financial charges	-64	-71	+10.2%	-181	-204	+11.5%
Income tax expenses	-74	-20	n.m.	-228	-119	n.m.
<i>Tax rate</i>				24%	20%	+4.4pp
Profit / (loss) attributable to Solvay shareholders	273	176	+54.9%	790	522	+51.4%
Basic EPS from continuing operations (in €)	2.64	1.71	+54.4%	7.63	4.86	+50.9%
Capex in continuing operations	171	116	+47.7%	412	411	+0.4%
FCF to Solvay shareholders from continuing operations	276	366	-24.7%	692	801	-13.6%
FCF to Solvay shareholders (total)	276	365	-24.5%	681	796	-14.4%
FCF conversion ratio (LTM)	39.5%	54.8%	-15.4pp	39.5%	54.8%	-15.4pp
Net financial debt	4,052			4,052		

Group performance

Net sales of €2,573 million in Q3 2021 increased +22% versus Q3 2020 (+25% organically) thanks to continued volume recovery. We continued to experience strong demand across most markets driven by automotive, electronics, and building sectors. Composite Materials sales were flat compared to Q3 2020, and up sequentially, showing first signs of recovery in civil aero. All regions delivered double-digit organic sales growth, with Europe up by 20%, North America up 24%, Latin America up by 45% and Asia Pacific by 22% versus the third quarter 2020.

Underlying EBITDA of €599 million in Q3 2021 was up +26.6% as a result of the higher sales volumes, offset partially by scope and foreign exchange (+31.1% organically). EBITDA margin of 23.3%, up 0.8pp compared to Q3 2020 thanks to the structural cost savings, and 1pp lower compared to Q2 2021 due to higher costs of raw materials, energy and logistics.

Free cash flow to shareholders from continuing operations reached €276 million in the third quarter, reflecting both the improvement in profitability and relatively low capital expenditures due primarily to supply chain constraints. Free cash flow in the nine months of 2021 was €692 million, slightly higher than nine months 2020 excluding scope and currency and one-time impacts in 2020.

Underlying net financial debt was slightly down at €4.1 billion in the nine months of 2021.

Provisions decreased by €262 million to €2.8 billion compared to December 2020, primarily due to the impact of higher discount rates. The €364 million of net new liabilities mainly relates to the restructuring provisions recorded in Q1 2021, and to provisions for warranties given in previous M&A deals. Additional voluntary contributions in 9M 2021 amounted to €102 million, and will be followed by two last tranches of €150 million each in the next 12 months.

Performance by segment

Net sales bridges

(in € million)	9M 2020	Scope	Forex	Volume	Price	9M 2021	Yoy %	Organic %
Materials	2,076	-43	-55	+175	-1	2,152	+3.7%	+8.8%
Chemicals	2,184	-33	-67	+270	+113	2,466	+12.9%	+18.4%
Solutions	2,487	-63	-57	+352	+61	2,780	+11.8%	+17.4%
Corporate	5	-	-	-	-	5	+2.2%	+9.1%
Solvay	6,751	-140	-179	+798	+173	7,402	+9.6%	+15.1%

(in € million)	Q3 2020	Scope	Forex	Volume	Price	Q3 2021	Yoy %	Organic %
Materials	606	-16	+9	+143	+10	752	+24.2%	+25.7%
Chemicals	725	-15	+0	+76	+69	856	+18.0%	+20.5%
Solutions	770	-29	+12	+151	+60	964	+25.2%	+28.0%
Corporate	1	-	-	-	-	1	-27.4%	-24.3%
Solvay	2,103	-61	+21	+370	+139	2,573	+22.4%	+24.7%

Materials

Segment sales in Q3 2021 increased by 24% (+26% organically) driven by continued strong demand for Specialty Polymers leading to another record quarter sales. Sales in Composites continued to slowly recover from the low point in Q4 2020 and improved 6.3% on an organic basis.

Sales in Specialty Polymers increased by +35% (+33% organically) compared to the third quarter of 2020, and by 6% sequentially versus Q2 2021. Main drivers of this performance remain the same as in the first half of 2021, with auto sales up 46% in this quarter. Sales to batteries for hybrid and electric vehicles were again up this quarter, +47% versus the prior year period. Most of the other end-markets served by the business units also posted double-digit growth, led by electronics.

Composite materials sales were flat year on year (+6.3% organically due to scope) thanks to slightly improving single-aisle aircraft production offset by lower wide-body rates. The use of composites in the defense sector continued to perform well.

Segment EBITDA increased by 53% (+52% organically) compared to Q3 2020, and increased 12% sequentially versus Q2 2021, reflecting the significant volume driven growth in Specialty Polymers and improvement in Composite Materials. This led to a record 33% EBITDA margin in the third quarter.

Chemicals

Segment sales in Q3 2021 were up by 18% (+20% organically) with each business significantly up versus Q3 2020.

Soda Ash sales were up 8% (+8% organically) year on year, and flat sequentially. Demand continued to be strong, especially in the export market for soda ash, and globally for Bicarbonate (with record sales in the US).

Peroxides sales were slightly down by 1% (+11% organically due to scope), with volumes up by 7% as a result of continued strong demand on the HPPO side of the business.

Coatis had another exceptional quarter, with sales up 72% (+70% organically) thanks to the continued favorable market environment resulting in higher volumes and prices.

Silica sales grew by 18% (+17% organically) with both volumes and prices up in the quarter. Replacement tires and innovation continue to drive the growth.

Segment EBITDA was up by 16% (+19% organically) versus Q3 2020. Higher volumes in all business and higher prices (primarily at Coatis) more than offset the cost increases in relation with raw materials, energy and logistics. Rusvinyl's contribution was again strong due to continuing strength in PVC demand. As a result, the segment delivered an EBITDA margin of 27.3% in the third quarter.

Solutions

Sales in the third quarter of 2021 were up +25% (+28% organically), with all businesses experiencing positive volume and pricing during the quarter. Electronics and mining were the biggest growth drivers in the quarter.

Third quarter sales in Novecare increased by +20% (+25% organically) year on year. Growth was driven by higher volumes across all markets, led by growth in Coatings and Agro industries.

Special Chem sales increased +20% (organically by +26%) year on year thanks to the continued strong volumes in the semiconductors industry, while the business exposed to the automotive industry started to feel some impact from the chip shortages.

Technology Solutions sales increased by +26% (+27% organically) compared to Q3 2020 thanks to continued strong demand for our extractant solutions used in the mining industry.

Aroma Performance sales were +18% (+16% organically) compared to Q3 2020, driven by strong demand in food & beverage markets.

On July 1, 2021, Solvay created a new business unit grouping all Oil & Gas activities of the group (previously in Novecare and Technology Solutions), as this is the reflection of the way this business is managed today within the group. Oil & Gas sales increased +80% (+68% organically) compared to Q3 2020 supported by both volumes and prices.

Third quarter EBITDA in the segment was up +24% (+28% organically) year on year, and up 3% sequentially, with strong demand and price actions outweighing the impact of rising raw materials, energy and logistics costs. EBITDA margin in the segment was stable at 18.3% in Q3 2021.

Corporate

Corporate contributed a negative €58 million to the Group EBITDA. While the corporate costs are rather stable, the increase compared to last year is mainly due to scope effects and adjustments related to variable pay.

Key segment figures

(in € million)	Underlying					
	Q3 2021	Q3 2020	% yoy	9M 2021	9M 2020	% yoy
Net sales	2,573	2,103	+22.4%	7,402	6,751	+9.6%
Materials	752	606	+24.2%	2,152	2,076	+3.7%
Specialty Polymers	570	423	+35.0%	1,617	1,365	+18.5%
Composite Materials	182	183	-0.6%	534	711	-24.8%
Chemicals	856	725	+18.0%	2,466	2,184	+12.9%
Soda Ash & Derivatives	380	350	+8.3%	1,124	1,090	+3.1%
Peroxides	156	157	-0.7%	461	478	-3.6%
Coatis	204	119	+71.5%	538	338	+59.0%
Silica	117	99	+17.8%	343	277	+23.8%
Solutions	964	770	+25.2%	2,780	2,487	+11.8%
Novecare *	384	320	+20.2%	1,114	1,004	+11.0%
Special Chem	209	174	+19.9%	630	554	+13.7%
Technology Solutions *	145	116	+25.5%	417	366	+14.0%
Aroma Performance	119	101	+17.8%	338	336	+0.8%
Oil & gas *	107	60	+79.7%	281	227	+23.8%
Corporate	1	1	-27.4%	5	5	+2.2%
EBITDA	599	473	+26.6%	1,784	1,481	+20.5%
Materials	246	161	+52.5%	672	560	+20.1%
Chemicals	234	201	+16.5%	723	606	+19.3%
Solutions	177	142	+24.3%	521	429	+21.3%
Corporate	-58	-31	-84.0%	-132	-114	-15.7%
EBITDA margin	23.3%	22.5%	+0.8pp	24.1%	21.9%	+2.2pp
Materials	32.7%	26.6%	+6.1pp	31.2%	27.0%	+4.3pp
Chemicals	27.3%	27.7%	-0.4pp	29.3%	27.8%	+1.6pp
Solutions	18.3%	18.4%	-0.1pp	18.7%	17.3%	+1.5pp

* Sales of Novecare and Technology Solutions in prior periods have been restated to reflect the creation of an Oil & Gas GBU as from July 1, 2021. More information can be found in the financial report.

Key IFRS figures

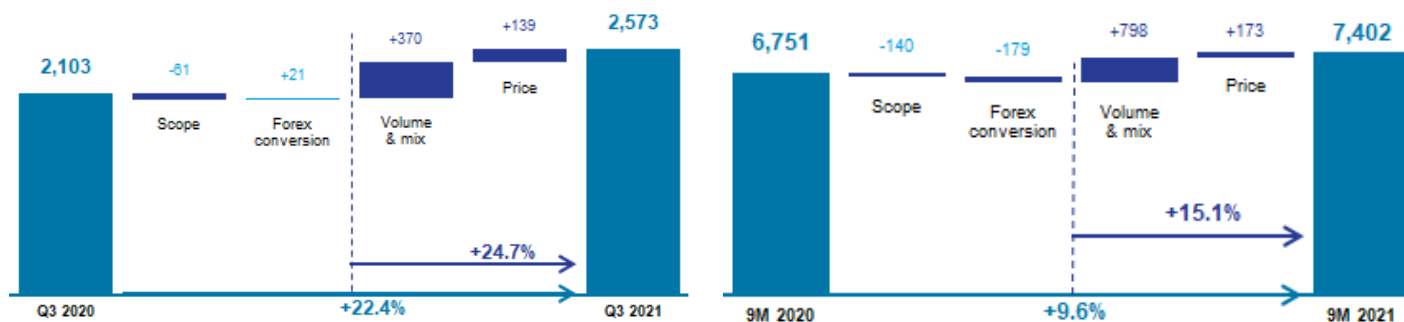
As announced on June 24, 2020, a non-cash impairment charge of €1.46 billion was recorded in Q2 2020. As a result, the underlying profit/(loss) attributable to Solvay shareholders was €522 million in 9M 2020, whereas it totaled €-1,038 million on an IFRS basis. Further details are available in the financial reports of 2020.

9M key figures (in € million)	IFRS			Underlying		
	9M 2021	9M 2020	% yoy	9M 2021	9M 2020	% yoy
Net sales	7,402	6,751	+9.6%	7,402	6,751	+9.6%
EBITDA	1,476	1,335	+10.6%	1,784	1,481	+20.5%
<i>EBITDA margin</i>				24.1%	21.9%	+2.2pp
EBIT	802	-852	n.m.	1,227	850	+44.2%
Net financial charges	-85	-112	+23.6%	-181	-204	+11.5%
Income tax expenses	-109	-207	+47.4%	-228	-119	n.m.
<i>Tax rate</i>				24%	20%	+4.4pp
Profit / (loss) attributable to Solvay shareholders	582	-1,038	n.m.	790	522	+51.4%
Basic EPS, from continuing operations (in €)	5.58	-11.60	n.m.	7.63	4.86	+57.1%

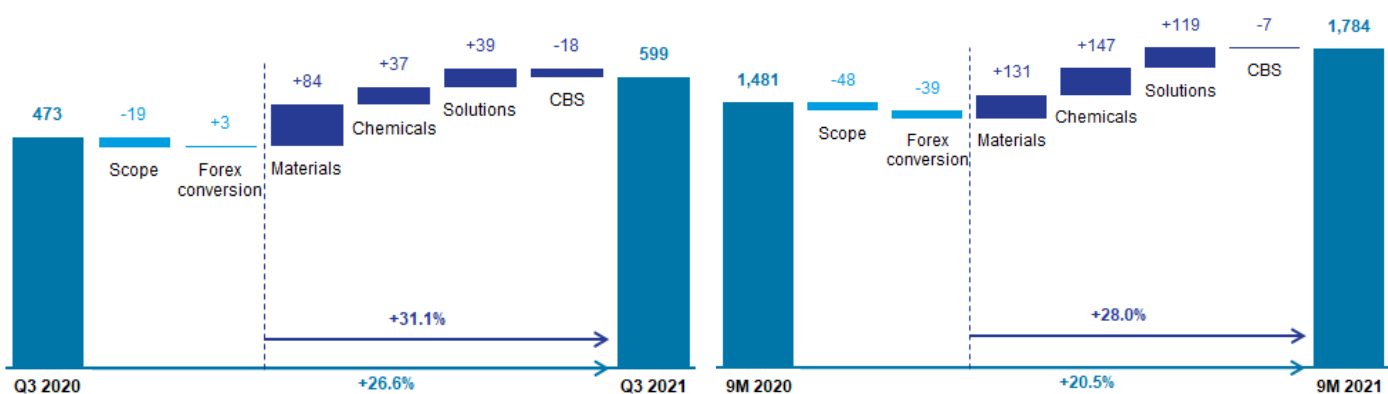
Q3 key figures (in € million)	IFRS			Underlying		
	Q3 2021	Q3 2020	% yoy	Q3 2021	Q3 2020	% yoy
Net sales	2,573	2,103	+22.4%	2,573	2,103	+22.4%
EBITDA	513	451	+13.6%	599	473	+26.6%
<i>EBITDA margin</i>				23.3%	22.5%	+0.8pp
EBIT	300	262	+14.4%	421	277	+51.9%
Net financial charges	-27	-39	+30.5%	-64	-71	+10.2%
Income tax expenses	-11	-4	n.m.	-74	-20	n.m.
Profit / (loss) attributable to Solvay shareholders	255	252	+1.4%	273	176	+54.9%
Basic EPS, from continuing operations (in €)	2.42	2.04	+18.7%	2.64	1.71	+54.4%

Supplemental information: bridges

Net Sales

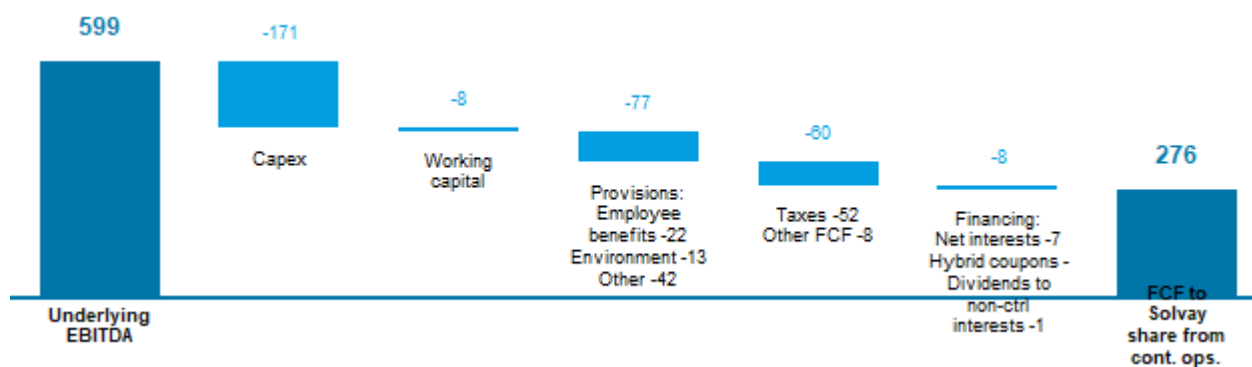


Underlying EBITDA

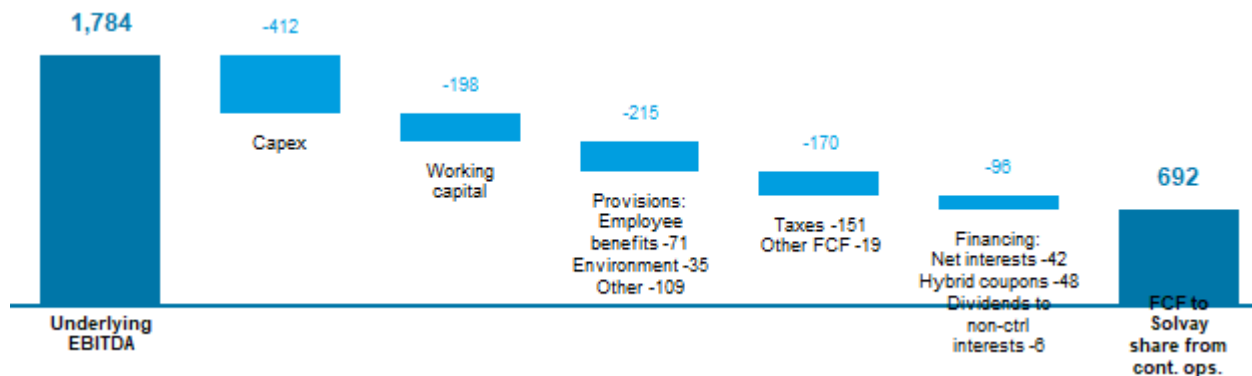


Free cash flow

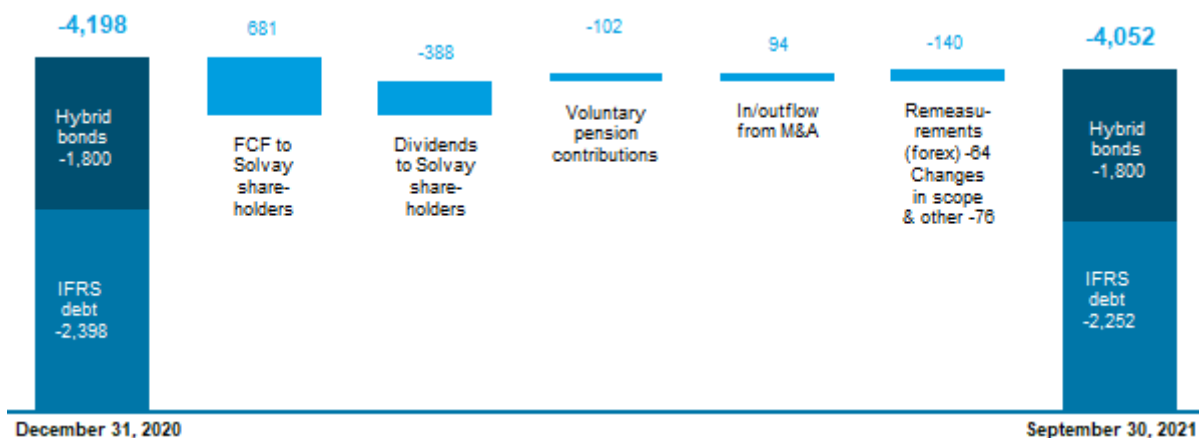
Q3 2021



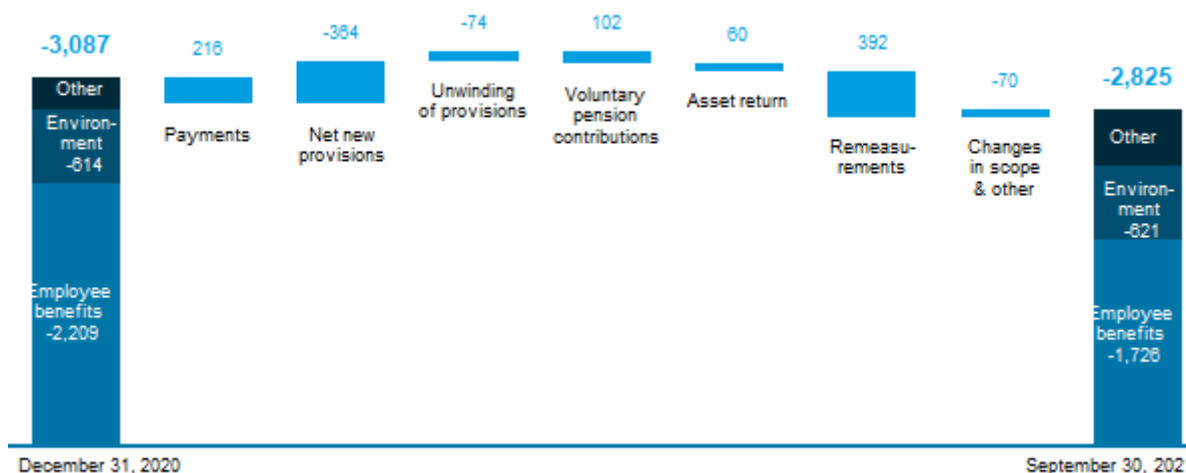
9M 2021



Underlying net debt



Provisions



Glossary

EPS is earnings per share.

Extra-financial indicators: Indicators used to measure the sustainability performance of the company in complement to financial indicators. Solvay has selected 10 indicators that are included in the ONE Planet initiative. For more information, we refer to the last available annual report available on www.solvay.com.

Free cash flow (FCF) is the free cash flow after payment of net interests, coupons of perpetual hybrid bonds and dividends to non-controlling interests. This represents the cash flow available to Solvay shareholders, to pay their dividend and/or to reduce the net financial debt.

Free cash flow conversion ratio is calculated as the ratio between the free cash flow to Solvay shareholders of the last rolling 12 months (before netting of dividends paid to non-controlling interest) and the underlying EBITDA of the last rolling 12 months.

Organic growth excludes forex (foreign exchange conversion) and scope effects related to small M&A not leading to restatements.

Underlying figures adjust IFRS figures for the non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions, for the coupons of perpetual hybrid bonds classified as equity under IFRS but treated as debt in the underlying statements, and for other elements to generate a measure that avoids distortion and facilitates the appreciation of performance and comparability of results over time.

Underlying net financial charges include the coupons on perpetual hybrid bonds (accounted as dividends under IFRS, and thereby excluded from the income statement), as well as the financial charges and realized foreign exchange losses from the RusVinyl joint venture (part of earnings from associates under IFRS, and thereby included in the IFRS EBITDA).

Underlying net financial debt includes the perpetual hybrid bonds, accounted for as equity under IFRS.

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Safe harbor

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About Solvay

Solvay is a science company whose technologies bring benefits to many aspects of daily life. With more than 23,000 employees in 64 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 plan crafted around three pillars: protecting the climate, preserving resources and fostering 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 €9.0 billion in 2020. Solvay is listed on Euronext Brussels (SOLB) and Paris. Learn more at www.solvay.com.

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