

November 3, 2023 at 7 a.m. CEST

Solvay 2023 third quarter results

Strong cash generation and sustained margins in a weak demand environment

Highlights

- **Net sales** in the third quarter of 2023 were down by -20.3% organically versus a record Q3 2022 as expected due to -15% lower volumes (€-512 million) in a weaker macro environment and -5% lower prices (€-188 million) in a context of lower raw material costs and energy prices. On a sequential basis, net sales were down -11% versus Q2. The volume reduction was broad based across regions and businesses.
- **Structural cost savings** for the first nine months of 2023 amounted to €63 million, bringing the total savings since 2019 to €530 million.
- **Underlying EBITDA** of €702 million in Q3 2023 was down by -18.5% organically compared to a record Q3 2022 driven by lower volumes, partly offset by €36 million in positive net pricing and €41 million in lower fixed costs. Nine months EBITDA at €2,331 million is only down -1% organically versus 2022, a clear indication that strong historic pricing and cost discipline momentum is being maintained.
- The underlying **EBITDA margin** of 25.6% in Q3 2023 was sustained relative to Q3 2022 despite lower volumes, while nine months EBITDA margin of 25.9% is +1.3pp higher, mainly as a result of positive net pricing and cost discipline.
- **Underlying Net Profit** was €340 million in Q3 2023 compared to €509 million in Q3 2022.
- **Free Cash Flow** of €346 million in Q3 2023 resulted in a nine-month 2023 total of €1,027 million and a FCF conversion ratio of 39.4%.
- **ROCE** was 15.2%, broadly in line with Q3 2022.
- Continued strengthening of the **balance sheet** with underlying net debt at €2.8 billion, which translated to a historic low leverage of 0.9x.
- As explained on page 2, an **interim dividend** of €1.62 gross per share has been validated by the Board of Directors, in line with historical interim dividend policy to be paid by Solvay SA on January 17, 2024.

| Underlying (in € million) | Third quarter | | | | Nine Months | | | |
|-----------------------------------|---------------|-------|--------|-----------|-------------|--------|--------|-----------|
| | 2023 | 2022 | % yoy | % organic | 2023 | 2022 | % yoy | % organic |
| Net sales | 2,747 | 3,609 | -23.9% | -20.3% | 9,001 | 10,141 | -11.2% | -9.6% |
| EBITDA | 702 | 917 | -23.5% | -18.5% | 2,331 | 2,493 | -6.5% | -1.2% |
| EBITDA margin | 25.6% | 25.4% | +0.1pp | - | 25.9% | 24.6% | +1.3pp | - |
| FCF | 346 | 452 | -23.4% | - | 1,027 | 924 | +11.1% | - |
| FCF conversion ratio (LTM) | 39.4% | 36.8% | +2.6pp | - | 39.4% | 36.8% | +2.6pp | - |
| ROCE (LTM) | 15.2% | 15.4% | -0.2pp | - | 15.2% | 15.4% | -0.2pp | - |

Ilham Kadri, CEO

"This quarter marks the last reporting period for 160 year-old Solvay as it exists today, as we prepare to separate into two respected industry leaders. I'm so proud of what our teams have accomplished again this quarter, with positive net pricing and additional cost savings leading to higher EBITDA margins and cash generation in the context of a weak demand environment. It's clear that we are truly a stronger company today on all fronts. With our new leadership and board teams now in place and the highest level of people engagement in the past 5 years at 76%, we are well equipped to embark on a new journey filled with untapped opportunities, enhanced focus, and an exciting future for all."

2023 Outlook

Given the current volume momentum, we reconfirm our full year guidance, at the lower end of the prior EBITDA guidance range.

Key figures

| <i>Underlying, in € million</i> | Q3 2023 | Q3 2022 | % yoy | 9M 2023 | 9M 2022 | % yoy |
|--|------------|------------|----------|------------|------------|----------|
| Net sales | 2,747 | 3,609 | -23.9% | 9,001 | 10,141 | -11.2% |
| EBITDA | 702 | 917 | -23.5% | 2,331 | 2,493 | -6.5% |
| <i>EBITDA margin</i> | 25.6% | 25.4% | +0.1pp | 25.9% | 24.6% | +1.3pp |
| EBIT | 508 | 709 | -28.3% | 1,749 | 1,909 | -8.4% |
| Net financial charges | -67 | -57 | -17.3% | -165 | -163 | -1.0% |
| Income tax expenses | -97 | -140 | +30.7% | -348 | -378 | +7.9% |
| <i>Tax rate</i> | | | | 22.6% | 23.2% | -0.6pp |
| Profit / (loss) attributable to Solvay shareholders | 340 | 509 | -33.1% | 1,226 | 1,347 | -9.0% |
| Basic EPS | 3.27 | 4.90 | -33.3% | 11.79 | 12.99 | -9.2% |
| Basic EPS from continuing operations (in €) | 3.27 | 4.88 | -33.0% | 11.79 | 12.94 | -8.9% |
| Capex | 313 | 233 | +34.3% | 765 | 564 | +35.5% |
| FCF to Solvay shareholders from continuing operations | 346 | 452 | -23.4% | 1,027 | 924 | +11.1% |
| FCF conversion ratio (LTM) | 39.4% | 36.8% | +2.6pp | 39.4% | 36.8% | +2.6pp |
| Net financial debt | | | | 2,789 | 3,809 | -26.8% |
| Underlying leverage ratio | | | | 0.9 | 1.2 | -26.8% |

Group performance

Net sales of €2,747 million in Q3 2023 were lower by -23.9% versus Q3 2022 (-20.3% organically) primarily due to lower volumes and prices as well as negative currency effects. Lower volumes were the result of softer demand across all end markets, except for aerospace. As expected prices were lower, in line with lower raw material and energy costs, most notably in the Chemicals and Solutions segments, and essentially flat in Materials. Net sales for the first nine months of 2023 were down -9.6% organically, mostly due to lower volumes, partially offset by higher pricing versus the first nine months of 2022.

Underlying EBITDA of €702 million in Q3 2023 was lower by -23.5% mostly as a result of reduced volumes, in addition to negative scope effects related to the Rusvinyl disposal in Q1 2023 and from foreign exchange impacts. This was partially offset by slightly favorable net pricing. On an organic basis, excluding the impacts of scope and foreign exchange, Q3 underlying EBITDA was lower by -18.5%, while EBITDA margin was essentially flat at 25.6%. First nine months of 2023 EBITDA decreased slightly by -1.2% organically compared to the prior year period driven by sustained positive net pricing and fixed costs discipline, which offset lower volumes.

Free cash flow to shareholders from continuing operations was €346 million in Q3 2023, mainly driven by disciplined working capital and phasing of capex. Free cash flow in the first nine months of 2023 was €1,027 million, +11% higher than the first nine months of 2022.

Underlying net financial debt decreased by €802 million compared to the end of 2022, mainly due to the strong operational free cash flow. Other significant items included €432 million of proceeds from the divestment of the Rusvinyl joint venture and the annual dividend payment of €421 million. The leverage ratio remained at a historical low of 0.9x at the end of Q3 2023.

Provisions increased by €409 million compared to the end of December 2022 to €2.5 billion, primarily reflecting an additional €229 million PFAS settlement provision as well as a €78 million restructuring provision in the context of the ongoing separation plan.

Interim Dividend: The Board has decided that Solvay (EssentialCo) will pay an interim gross dividend of €1.62 per share on January 17, 2024, representing 40% of the total 2023 dividend. As previously announced, the total 2023 dividend is expected to be paid as a ratio of 60:40 by Solvay (EssentialCo) and Syensqo respectively, to be aligned with Solvay's aggregate level at the outset. As the partial demerger is not yet completed, Syensqo will be able to declare a dividend when its full-year 2023 financial statements will be available. Solvay (EssentialCo) will pay exceptionally in full the interim dividend to compensate for

Syensqo's phasing of dividend payment in 2024 and its final dividend will take into account the higher interim dividend.

Performance by segment

Net sales bridges

| (in € million) | Q3 2022 | Scope | Forex | Volume | Price | Q3 2023 | Yoy % | Organic % |
|----------------|--------------|----------|-------------|-------------|-------------|--------------|---------------|---------------|
| Materials | 1,114 | - | -66 | -75 | -14 | 959 | -13.9% | -8.5% |
| Chemicals | 1,236 | 9 | -22 | -217 | -98 | 908 | -26.6% | -25.8% |
| Solutions | 1,257 | -9 | -72 | -218 | -76 | 882 | -29.8% | -25.0% |
| Corporate | 2 | - | - | -3 | - | -1 | <i>n.m.</i> | <i>n.m.</i> |
| Solvay | 3,609 | - | -161 | -512 | -188 | 2,747 | -23.9% | -20.3% |

| (in € million) | 9M 2022 | Scope | Forex | Volume | Price | 9M 2023 | Yoy % | Organic % |
|----------------|---------------|----------|-------------|---------------|------------|--------------|---------------|--------------|
| Materials | 3,041 | - | -91 | -108 | 231 | 3,073 | +1.1% | +4.2% |
| Chemicals | 3,393 | 38 | -15 | -530 | 139 | 3,025 | -10.9% | -11.4% |
| Solutions | 3,700 | -31 | -88 | -693 | 7 | 2,895 | -21.8% | -19.2% |
| Corporate | 7 | - | - | 3 | - | 9 | +36.5% | +44.8% |
| Solvay | 10,141 | 7 | -195 | -1,328 | 377 | 9,001 | -11.2% | -9.6% |

Materials

Materials sales in Q3 2023 were lower by -13.9% (-8.5% organically) compared to Q3 2022 due to lower volumes (-7%), unfavorable currency effect (-6%) and slightly lower pricing.

Sales in Specialty Polymers decreased -17.8% (-12.5% organically) compared to Q3 2022. Volumes were down across most markets against a strong year-on-year comparison.

Sales in Composite Materials were lower by -1.2% but up +4.5% organically compared to Q3 2022, driven by sustained aerospace demand. Sales growth was impacted by supply chain issues which limited deliveries in the quarter.

Materials EBITDA decreased by -15.8% or -12.4% organically compared to Q3 2022. This was primarily driven by lower polymers volumes. Materials EBITDA margin remained strong at 33.8%, slightly lower year-on-year (-0.8 points).

Chemicals

Chemicals sales in Q3 2023 were lower by -26.6% (-25.8% organically) compared to Q3 2022, due mainly to lower volumes (-18%) and pricing (-8%) in a context of lower variable costs.

Soda Ash & Derivatives sales were lower by -23.9% (-22.9% organically) due to reduced demand across most markets including construction, flat glass, and flue gas treatment. Prices were also lower as a result of lower energy costs.

Peroxides sales decreased by -31.4% (-29.0% organically) compared to Q2 2022, driven by continued weak demand in some markets such as textiles, electronics and the pulp & paper market. Prices decreased following the normalization of energy prices compared to high levels last year.

Coatis sales were lower by -34.7% (-36.6% organically) compared to 2022, due mainly to weak demand in Brazil, Europe and the United States, as well as competitive price pressure.

Silica sales decreased -18.9% (-17.2% organically) mainly from lower volumes in the tire market while margins were sustained.

Chemicals EBITDA was down by -12.0% compared to Q3 2022, including the impact from the divestment of Rusvinyl in Q1 2023, and -3.8% organically, primarily from lower volumes. Lower variable and fixed costs more than offset the lower prices, resulting in an EBITDA margin of 30.2%, +5.0 points higher year-on-year.

Solutions

Sales in Solutions in Q3 2023 were down by -29.8% (-25.0% organically) compared to Q3 2022, driven by lower volumes(-17%) across most markets, scope and forex (-6%), and pricing (-6%).

Sales in Novecare decreased by -36.3% (-31.4% organically) compared to Q3 2022 due to lower demand in agro, construction and consumer markets.

Special Chem sales decreased by -18.2% (-14.1% organically) compared to Q3 2022 due to lower volumes in electronics, partly offset by automotive, while prices were slightly positive year-on-year.

Technology Solutions sales decreased by -15.9% (-11.6% organically) compared to Q3 2022 due to lower volumes in mining from temporary disruptions at certain mines, and slightly offset by higher prices.

Aroma Performance sales were down by -43.9% (-40.5% organically) compared to Q3 2022 on continued lower demand and strong competition in the food, flavor & fragrance markets. Actions taken on fixed costs supported a sequential improvement in profitability.

Oil & Gas sales were lower by -32.0% (-24.5% organically) compared to Q3 2022, driven by lower drilling activity in the United States following the decline in natural gas prices and higher competitive pressure.

As a result of the lower volumes, Solutions EBITDA was down by -31.7% (-25.6% organically). EBITDA margin was 18.6% in Q3 2023, slightly down year-on-year, but improving approximately 1 percentage point sequentially.

Corporate and Business Services

Corporate and Business Services reported EBITDA of €-60 million in Q3 2023, €41 million lower (-€46 million organically) compared to Q3 2022, mostly from the positive third party energy supply in the prior year.

Key segment figures

| (in € million) | Underlying | | | | | | | |
|------------------------|--------------|--------------|---------------|---------------|--------------|---------------|---------------|--------------|
| | Q3 2023 | Q3 2022 | % yoy | % organic | 9M 2023 | 9M 2022 | % yoy | % organic |
| Net sales | 2,747 | 3,609 | -23.9% | -20.3% | 9,001 | 10,141 | -11.2% | -9.6% |
| Materials | 959 | 1,114 | -13.9% | -8.5% | 3,073 | 3,041 | +1.1% | +4.2% |
| Specialty Polymers | 701 | 853 | -17.8% | -12.5% | 2,295 | 2,333 | -1.7% | +1.7% |
| Composite Materials | 258 | 262 | -1.2% | +4.5% | 778 | 707 | +10.0% | +12.3% |
| Chemicals | 908 | 1,236 | -26.6% | -25.8% | 3,025 | 3,393 | -10.9% | -11.4% |
| Soda Ash & Derivatives | 478 | 629 | -23.9% | -22.9% | 1,594 | 1,648 | -3.3% | -3.6% |
| Peroxides | 149 | 217 | -31.4% | -29.0% | 481 | 576 | -16.5% | -15.3% |
| Coatis | 147 | 225 | -34.7% | -36.6% | 500 | 685 | -26.9% | -30.0% |
| Silica | 133 | 164 | -18.9% | -17.2% | 449 | 485 | -7.3% | -6.2% |
| Solutions | 882 | 1,257 | -29.8% | -25.0% | 2,895 | 3,700 | -21.8% | -19.2% |
| Novecare | 325 | 511 | -36.3% | -31.4% | 1,049 | 1,469 | -28.6% | -25.3% |
| Special Chem | 213 | 261 | -18.2% | -14.1% | 719 | 785 | -8.5% | -6.4% |
| Technology Solutions | 159 | 189 | -15.9% | -11.6% | 516 | 550 | -6.2% | -5.0% |
| Aroma Performance | 82 | 146 | -43.9% | -40.5% | 269 | 454 | -40.6% | -39.4% |
| Oil & Gas | 103 | 151 | -32.0% | -24.5% | 341 | 441 | -22.7% | -18.9% |
| Corporate | -1 | 2 | <i>n.m.</i> | <i>n.m.</i> | 9 | 7 | +36.4% | +44.8% |
| EBITDA | 702 | 917 | -23.5% | -18.5% | 2,331 | 2,493 | -6.5% | -1.2% |
| Materials | 324 | 385 | -15.8% | -12.4% | 1,051 | 984 | +6.8% | +8.2% |
| Chemicals | 274 | 311 | -12.0% | -3.8% | 880 | 906 | -2.9% | +8.0% |
| Solutions | 164 | 240 | -31.7% | -25.6% | 552 | 769 | -28.3% | -25.5% |
| Corporate | -60 | -19 | <i>n.m.</i> | - | -151 | -167 | +9.3% | - |
| EBITDA margin | 25.6% | 25.4% | +0.1pp | - | 25.9% | 24.6% | +1.3pp | - |
| Materials | 33.8% | 34.6% | -0.8pp | - | 34.2% | 32.4% | +1.8pp | - |
| Chemicals | 30.2% | 25.2% | +5.0pp | - | 29.1% | 26.7% | +2.4pp | - |
| Solutions | 18.6% | 19.1% | -0.5pp | - | 19.1% | 20.8% | -1.7pp | - |

Key IFRS figures

| Q3 key figures (in € million) | IFRS | | | Underlying | | |
|--|--------------|--------------|---------------|--------------|--------------|---------------|
| | Q3 2023 | Q3 2022 | % yoy | Q3 2023 | Q3 2022 | % yoy |
| Net sales | 2,747 | 3,609 | -23.9% | 2,747 | 3,609 | -23.9% |
| EBITDA | 599 | 775 | -22.7% | 702 | 917 | -23.5% |
| <i>EBITDA margin</i> | | | | 25.6% | 25.4% | +0.1pp |
| EBIT | 365 | 527 | -30.7% | 508 | 709 | -28.3% |
| Net financial charges | -46 | -1 | <i>n.m.</i> | -67 | -57 | -17.3% |
| Income tax expenses | -95 | -71 | -34.5% | -97 | -140 | +30.7% |
| Profit / (loss) attributable to Solvay shareholders | 220 | 451 | -51.1% | 340 | 509 | -33.1% |
| Basic EPS (in €) | 2.12 | 4.34 | -51.2% | 3.27 | 4.90 | -33.3% |
| of which from continuing operations | 2.12 | 4.34 | -51.2% | 3.27 | 4.88 | -33.0% |

| 9M key figures (in € million) | IFRS | | | Underlying | | |
|--|--------------|---------------|---------------|--------------|---------------|---------------|
| | 9M 2023 | 9M 2022 | % yoy | 9M 2023 | 9M 2022 | % yoy |
| Net sales | 9,001 | 10,141 | -11.2% | 9,001 | 10,141 | -11.2% |
| EBITDA | 1,688 | 2,578 | -34.5% | 2,331 | 2,493 | -6.5% |
| <i>EBITDA margin</i> | | | | 25.9% | 24.6% | +1.3pp |
| EBIT | 991 | 1,879 | -47.3% | 1,749 | 1,909 | -8.4% |
| Net financial charges | -105 | -63 | -66.8% | -165 | -163 | -1.0% |
| Income tax expenses | -212 | -298 | +28.9% | -348 | -378 | +7.9% |
| <i>Tax rate</i> | | | | 22.6% | 23.2% | -0.6pp |
| Profit / (loss) attributable to Solvay shareholders | 664 | 1,493 | -55.6% | 1,226 | 1,347 | -9.0% |
| Basic EPS (in €) | 6.38 | 14.39 | -55.7% | 11.79 | 12.99 | -9.2% |
| of which from continuing operations | 6.38 | 14.39 | -55.6% | 11.79 | 12.94 | -8.9% |

Liability management update

The internal investigation regarding the trade between third parties on the 2029 bonds that had been mentioned in the press release of September 4, 2023 has been closed. This investigation revealed that the trade is an isolated incident. In light of the conclusions of the investigation, Solvay is confident that it took the appropriate decisions upon and after becoming aware of the trade. The investigation has not identified any legal violations that might be attributed to Solvay.

Financial calendar

- November 13, 2023: Capital Market Day for both Solvay and Syensqo in Brussels
- December 8, 2023: Extraordinary shareholders' meeting of Solvay to vote on the proposal to separate Solvay into two independently listed companies
- December 11, 2023: Listing of Syensqo on Euronext Brussels and Euronext Paris (assuming approval of the separation on December 8, 2023)
- March 12, 2024: FY 23 earnings of Syensqo (expected date, assuming approval of the separation on December 8, 2023)
- March 13, 2024: FY 23 earnings of Solvay

[Link to financial calendar](#)

Conference call details

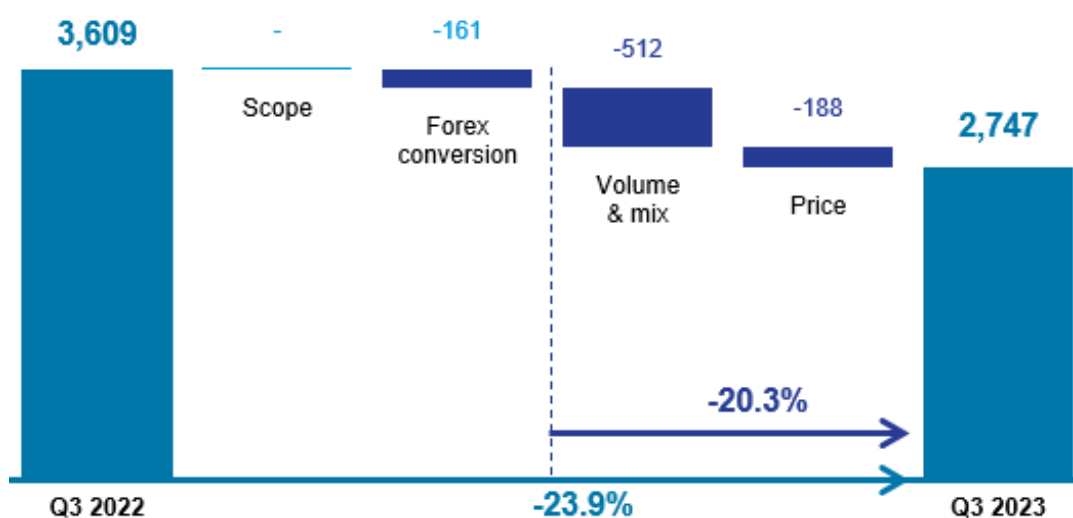
Time: November 3, 2023 - 2pm CEST
 Registration: [Register to the webcast here](#)

[Link to financial report](#)

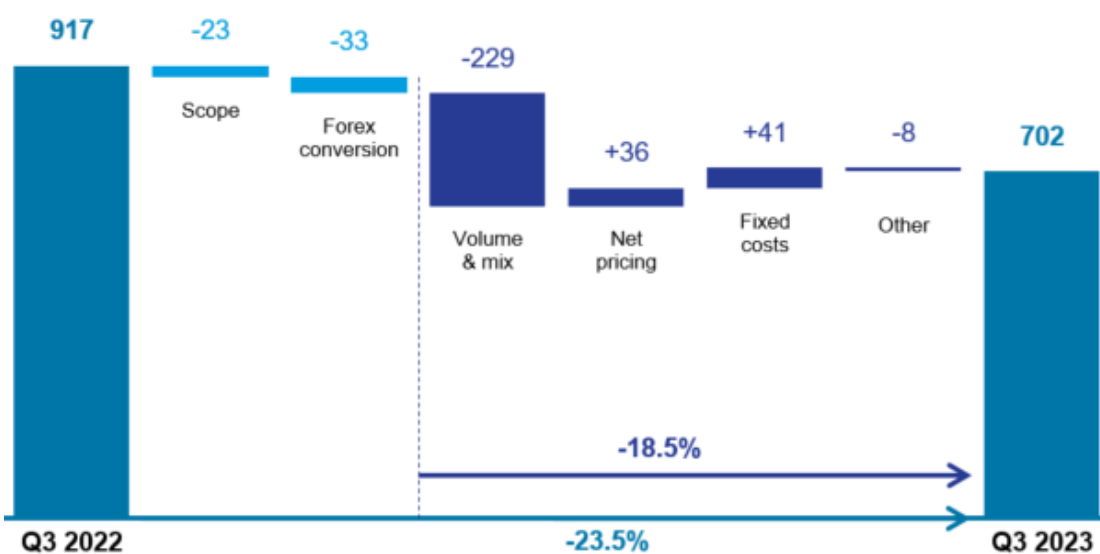
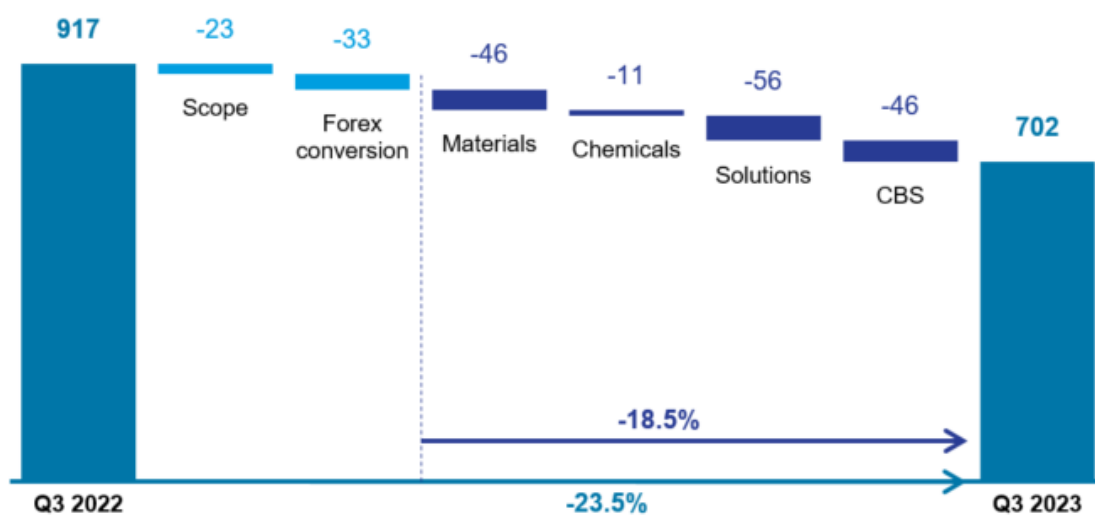
Supplemental information (in € million)

Q3 bridges

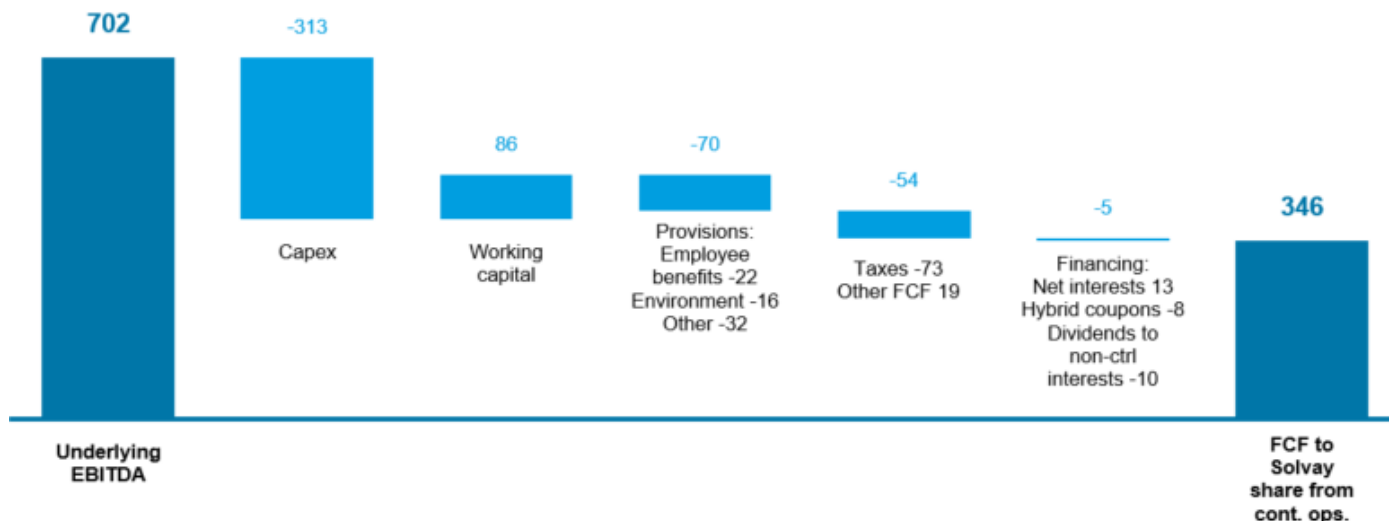
Net Sales



Underlying EBITDA

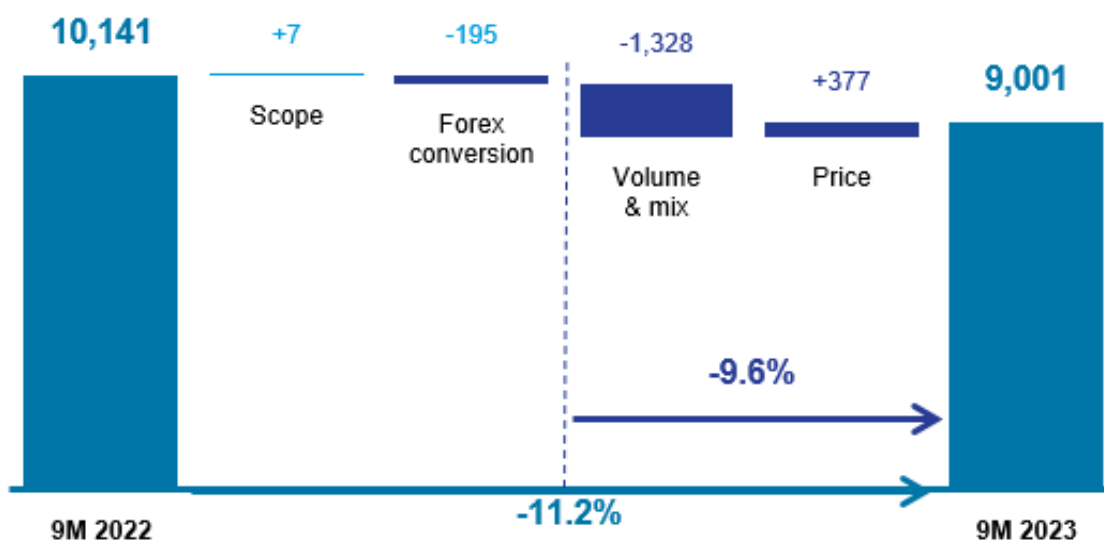


Free cash flow

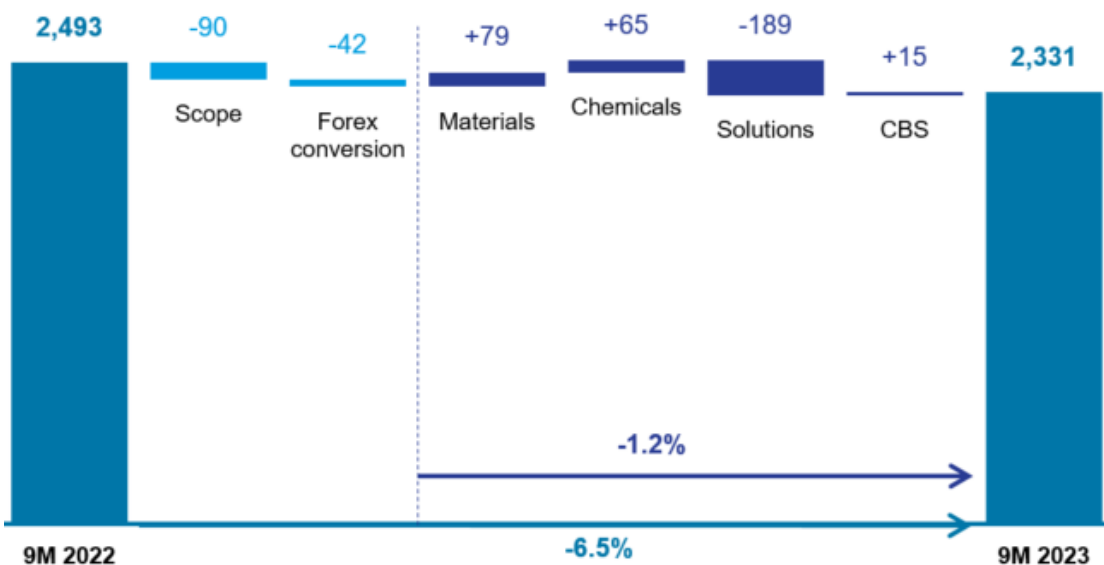


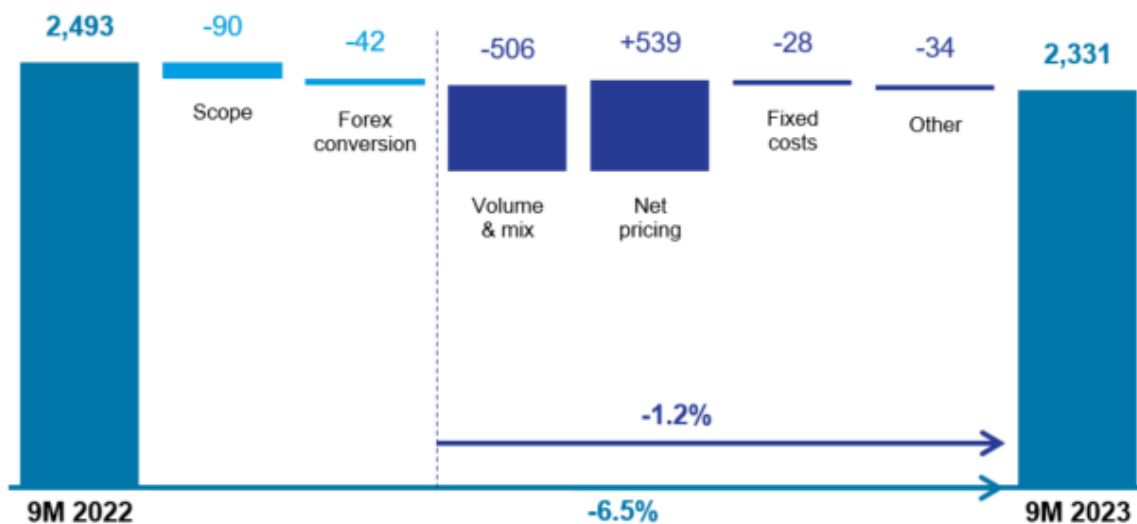
9M bridges

Net Sales

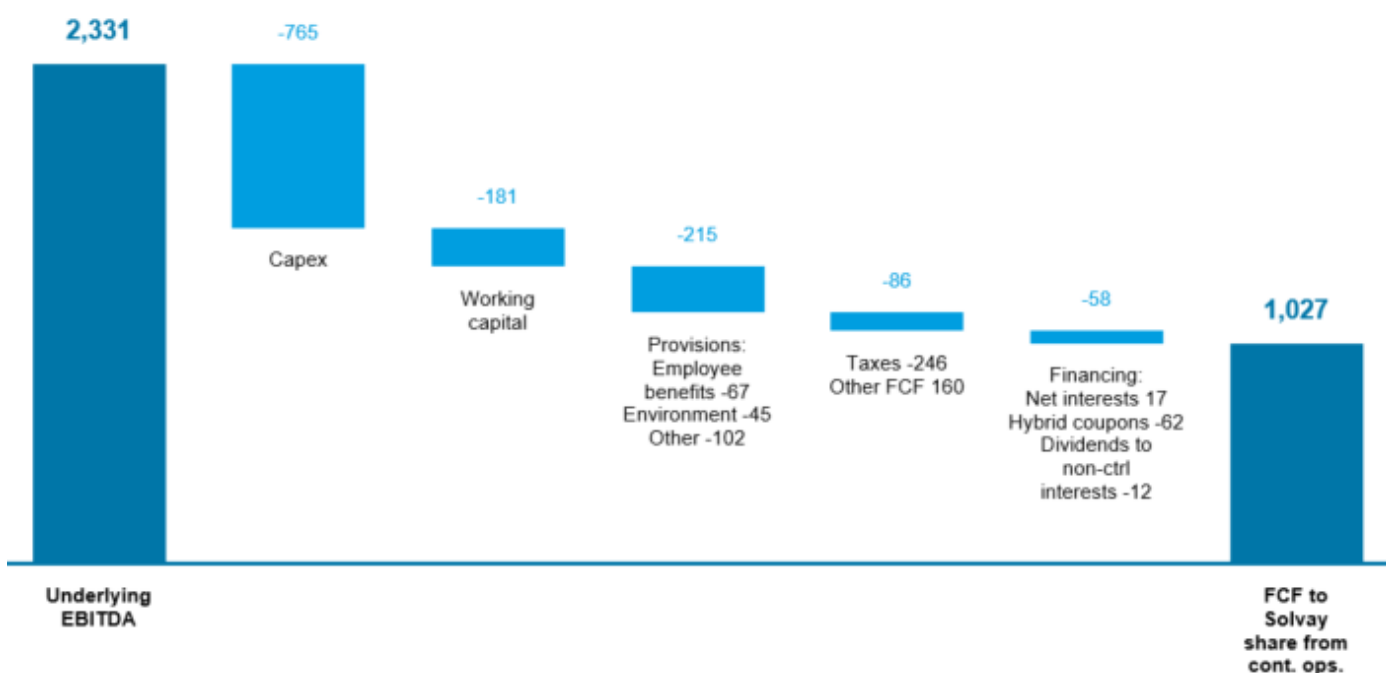


Underlying EBITDA

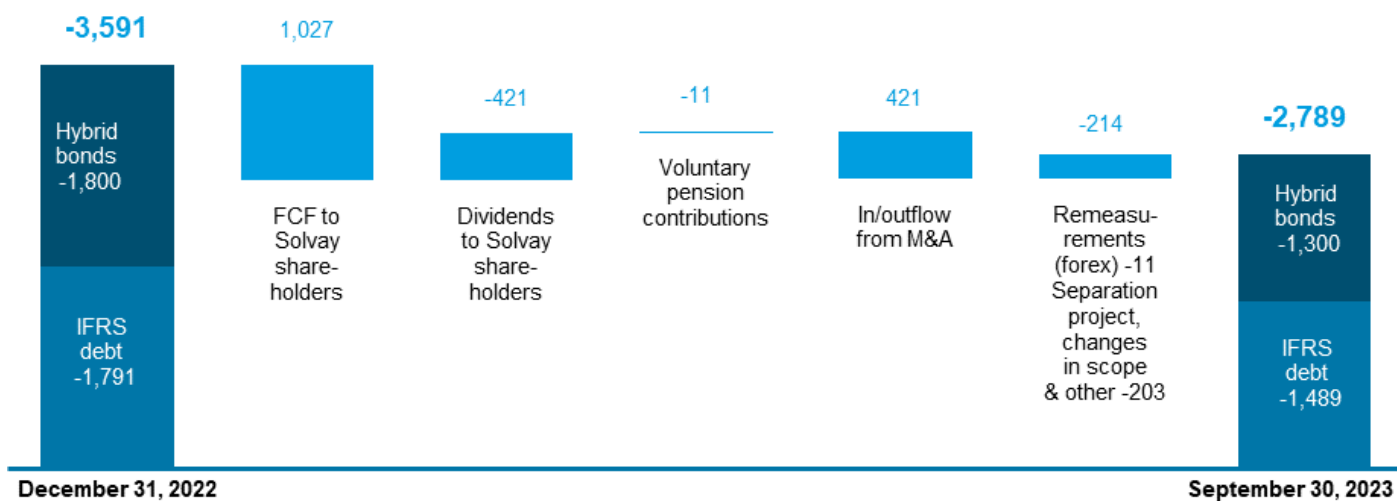




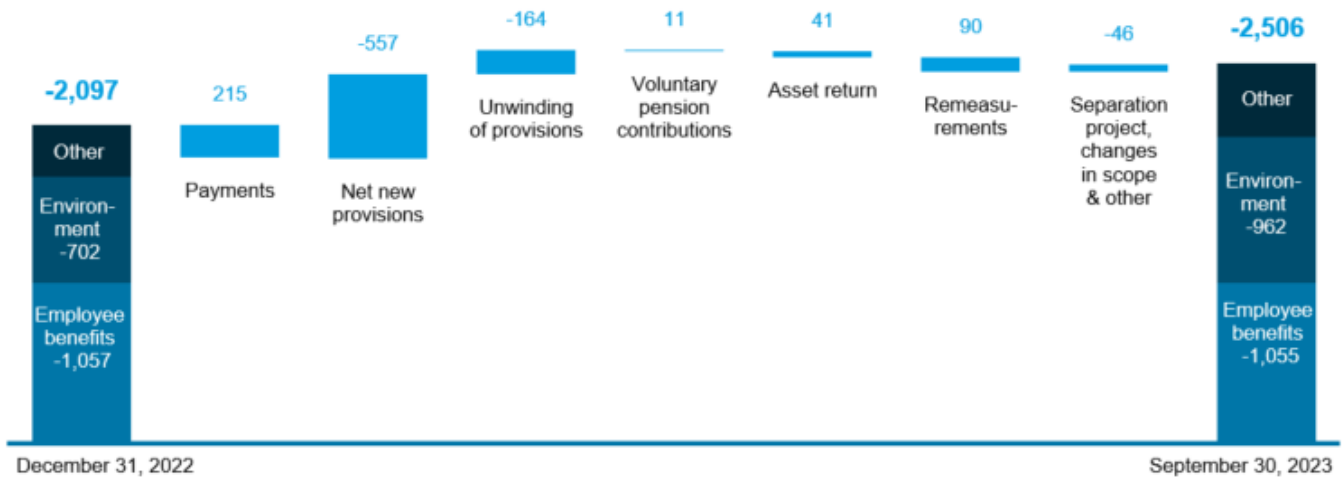
Free cash flow



Underlying net debt



Provisions



Glossary

EPS is earnings per share.

Free cash flow to Solvay shareholders: 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 of free cash flow to Solvay shareholders of the last rolling 12 months (before netting of dividends paid to non-controlling interests) to the underlying EBITDA of the last rolling 12 months.

Last twelve months (LTM) refers to the timeframe of the immediately preceding 12 months.

Leverage ratio: Net debt / underlying EBITDA of last 12 months. Underlying leverage ratio = underlying net debt / underlying EBITDA of last 12 months.

Net Pricing: The difference between the change in sales prices versus the change in variable costs.

Organic growth: growth of Net sales or underlying EBITDA excluding scope changes and forex conversion effects. The calculation is made by rebasing the prior period at the business scope and forex conversion rate of the current period.

ROCE: Return on Capital Employed, calculated as the ratio between underlying EBIT (before adjustment for the amortization of PPA) and capital employed. Capital employed consists of net working capital, tangible and intangible assets, goodwill, rights-of-use assets, investments in associates & joint ventures and other investments, and is taken as the average of the situation at the end of the last 4 quarters.

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.

Please refer to the financial report for additional definitions.

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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 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.

About Solvay Investor Relations

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