

## Solvay first quarter 2024 results

*Strong FCF supported by resilient EBITDA and discipline on costs and capex*

### Highlights

- **Net sales** for Q1 2024 at €1,201 million were down -11.9% organically versus Q1 2023, with positive volume impact, for the first time in seven quarters, in both Basic and Performance Chemicals segments. Prices decreased, mostly reflecting the lower energy and raw material costs.
- **Underlying EBITDA** of €265 million for the first quarter was -13.6% lower organically compared to a high Q1 2023, with negative Net Pricing partially offset by positive volume impact and lower fixed costs. The EBITDA margin remained solid at 22.1%, and improved sequentially.
- First **cost savings** initiatives are already bearing fruit, with €19 million achieved in Q1 2024.
- **Underlying net profit** from continuing operations was €119 million in Q1 2024 vs. €187 million in Q1 2023.
- **Free Cash Flow<sup>1</sup>** was strong at €123 million in Q1 2024, from resilient EBITDA combined with discipline on working capital, costs and capex.
- **ROCE** was 19.8% in Q1 2024.
- **Successful inaugural €1.5 billion bond issuance** to refinance the bridge facility set up at the end of 2023, in relation to the partial demerger, bringing additional strength and stability to the balance sheet.
- Underlying Net Debt at €1.6 billion, implying a **leverage ratio of 1.4x**.
- **2024 Outlook:** Organic growth of the underlying EBITDA of -10% to -20% compared to restated 2023; Free Cash Flow greater than €260 million.

| Underlying (in € million) | First quarter |              |               |               |
|---------------------------|---------------|--------------|---------------|---------------|
|                           | 2024          | 2023         | % yoy         | % organic     |
| <b>Net sales</b>          | <b>1,201</b>  | <b>1,355</b> | <b>-11.3%</b> | <b>-11.9%</b> |
| <b>EBITDA</b>             | <b>265</b>    | <b>365</b>   | <b>-27.2%</b> | <b>-13.6%</b> |
| <i>EBITDA margin</i>      | 22.1%         | 26.9%        | -4.8pp        | -             |
| <b>FCF<sup>1</sup></b>    | <b>123</b>    | <b>-130</b>  | <b>n.m.</b>   | -             |
| <b>ROCE</b>               | <b>19.8%</b>  | <b>N/A</b>   | <b>n.m.</b>   | -             |

### Philippe Kehren, Solvay CEO

*"I'm proud of our performance in the first quarter, despite challenging macroeconomic conditions, as we focused on what is under our control: capex, costs and cash. Certain areas of our business have shown promising momentum compared to the trough from late 2023, but we cannot call it a recovery yet. We are rapidly deploying cost-saving initiatives that have already started to deliver. Looking ahead, we maintain confidence in meeting our targets for 2024. Our simplified portfolio, clear operating model and strong focus on cash are great assets to position Solvay for sustained success in the years to come."*

<sup>1</sup> Free cash flow (FCF) is the free cash to Solvay shareholders from continuing operations.

## Financial review

In December 2023, the separation of Solvay SA (EssentialCo) and Specialty Businesses was effected by means of a partial demerger. The Specialty Businesses, renamed to Syensqo SA, became a public company, independent of Solvay. Consequently, in order to reflect the separation, Solvay's measures of performance were restated and the Specialty Businesses were classified as discontinued operations.

Following the announced transfer of the eH2O2 activities from Special Chem to Peroxides on January 1, 2024, the sales of Special Chem and Peroxides and the EBITDA of Basic Chemicals and Performance Chemicals have been restated in prior periods.

Additional information on the impacts of the change in Alternative Performance Metric (APM) applied since January 1, 2024 for Peroxidos do Brasil, is available in the Restatements paragraph in the financial report. Providing fully detailed 2023 impact from the application of the change has proven to be impracticable and is thus reflected in this press release within the scope changes.

## Key figures

| <i>(underlying - in € million)</i>                           | Q1 2024      | Q1 2023      | % yoy         |
|--|--------------|--------------|---------------|
| <b>Net sales</b>   | <b>1,201</b> | <b>1,355</b> | <b>-11.3%</b> |
| <b>EBITDA</b>  | <b>265</b>   | <b>365</b>   | <b>-27.2%</b> |
| <i>EBITDA margin</i>   | 22.1%        | 26.9%        | -4.8pp        |
| <b>EBIT</b>  | <b>184</b>   | <b>285</b>   | <b>-35.4%</b> |
| Net financial charges  | -31          | -36          | 12.6%         |
| Income tax expenses  | -33          | -62          | 46.8%         |
| <i>Tax rate</i>  | 22.1%        | 26.0%        | -3.8pp        |
| <b>Profit from continuing operations</b>                     | <b>119</b>   | <b>187</b>   | <b>-36.0%</b> |
| Profit from discontinued operations                          | 1            | 276          | n.m.          |
| (Profit) / loss attributable to non-controlling interests    | -3           | -3           | 6.2%          |
| Profit / (loss) attributable to Solvay shareholders          | 117          | 460          | -74.5%        |
| Basic earnings per share (in €)                              | 1.12         | 4.42         | -74.8%        |
| <b>of which from continuing operations</b>                   | <b>1.11</b>  | <b>1.78</b>  | <b>-37.8%</b> |
| <b>Capex in continuing operations</b>                        | <b>59</b>    | <b>68</b>    | <b>-13.0%</b> |
| <b>FCF to Solvay shareholders from continuing operations</b> | <b>123</b>   | <b>-130</b>  | <b>n.m.</b>   |
| Net financial debt   | 1,587        | N/A          | n.m.          |
| <b>Underlying leverage ratio</b>                             | <b>1.4</b>   | <b>N/A</b>   | <b>n.m.</b>   |
| <b>ROCE (continuing operations)</b>                          | <b>19.8%</b> | <b>N/A</b>   | <b>n.m.</b>   |

## Group performance

**Underlying net sales** of €1,201 million for the first quarter of 2024 were -11.3% lower versus the first quarter of 2023 (-11.9% organically, with a limited scope and conversion impact of +0.6%), mainly due to lower prices (-14.5%). Volumes were slightly up (+2.5%), reflecting a slight uptick in demand in both segments.

**Underlying EBITDA** of €265 million in Q1 2024 was down -27.2% (-13.6% organically), including a negative scope and conversion impact (-15.8%) from the exit of the thermal insulation and energy third parties businesses, and the change in APM in relation with Peroxidos do Brasil. Volume impact was slightly favorable (+2.5%). As expected, prices in soda ash weighted on the EBITDA in Q1 while Silica had benefited in Q1 2023 from favorable net pricing due to phasing in formula indexations which did not repeat in 2024. The other businesses were very resilient. As a consequence, Net pricing was negative (-21.7%). Cost savings initiatives supported both variable and fixed costs,

with €19 million savings in Q1 2024. Fixed costs contributed positively to the EBITDA variation (+5.4%) with savings more than offsetting inflation. Overall, the EBITDA margin decreased by -4.8pp to +22.1%.

**Free cash flow** to Solvay shareholders from continuing operations amounted to €123 million in Q1 2024 thanks to the resilient EBITDA performance combined with limited cash outs on Capex and working capital variations, reflecting the agility of the operating model in a lower demand environment. This compares to €-130 million of FCF in Q1 2023 due to a high point of working capital.

**Underlying net financial debt** was €1.6 billion at the end of Q1 2024, increasing by €0.1 billion compared to the end of 2023, mainly from the positive free cash flow of €123 million covering the majority of the cash out of €170 million interim dividend payment and some remaining separation project costs. At the end of March, Solvay successfully issued a €750 million 4-year bond and a €750 million 7.5-year bond, to refinance the bridge facility set up at the end of 2023 in relation to the partial demerger.

## 2024 outlook

In the first quarter of 2024, while Solvay benefitted from slight volume pick-up in some of its businesses, management has maintained a strong focus on costs and cash. Looking ahead, the company is confident that it can keep its fixed costs under control. Despite green shoots in some segments in Q1, soft demand combined with a volatile macro and geopolitical environment lead Solvay to remain prudent. As a consequence the view on the rest of the year is relatively unchanged at this stage.

Solvay confirms, for full year 2024, its guidance of organic growth of the underlying EBITDA by -10% to -20% (translating into a range of €925 million to €1,040 million at a 1.10 EUR/USD exchange rate) and its guidance of Free Cash Flow to Solvay shareholders to be greater than €260 million.

## Performance by segment

### Basic Chemicals

Basic Chemicals sales in Q1 2024 were lower by -10.0% (-14.6% organically) compared to Q1 2023, with positive impacts from scope and change in APM (+5.6%) and slightly higher volumes (+2.8%), offset by the decreasing prices (-18.1%) mainly from the continued normalization of energy prices.

Soda Ash & Derivatives sales were lower by -17.6% (-18.0% organically) for the quarter, entirely from lower prices. Soda ash volumes were essentially flat as increasing deliveries to the seaborne market offset the lower demand in container glass applications in European and North American markets, while bicarbonate volumes were slightly positive year on year, driven by the food and pharma markets.

Peroxides sales increased by +12.8% yoy mainly from the consolidation of the Peroxidos do Brasil sales, as previously announced. Organically, sales decreased by -5.8%, with lower pricing linked to the lower energy cost environment partly offset by some recovery in volumes in most end markets, especially in Europe.

The segment EBITDA was down -19.0% (-22.1% organically) following lower Net pricing and despite slightly positive volume impact and stable fixed costs. The EBITDA margin reached 28.2%, decreasing by -3.1 pp.

### Performance Chemicals

Performance Chemicals sales in Q1 2024 were down -13.4% (-7.9% organically) compared to Q1 2023, with negative scope impact (-6.6%), slightly higher volumes (+1.9%) and lower prices (-9.4%).

Silica sales for the quarter were lower by -10.9% (-11.6% organically) from lower prices due to formula indexations, while volumes were higher in both the tire and in the consumer and industrial goods markets.

Coatis sales were down by -9.4% (-12.1% organically) from slightly lower volumes year on year but improving sequentially especially on solvents.

Special Chem sales were lower yoy by -18.4% from the exit of the thermal insulation activities. Organically, sales were broadly flat (-0.6%), with higher volumes both in rare earth additives for autocatalysis and healthcare end

markets and for fluorine automotive applications, offsetting lower volumes in fluorine other end markets and in rare earth electronics.

The segment EBITDA for the quarter was down -31.4% (-15.9% organically), with essentially stable volumes and fixed costs but with a decreasing Net pricing year on year compared to a high Q1 2023 positively impacted by lower energy costs and delay in formula indexations. The EBITDA margin decreased by -4.3pp at 16.5%.

## Corporate

For Q1 2024, EBITDA was €-16 million, €-15 million lower compared to Q1 2023 from the exit of the energy third party supply activities. Organically, EBITDA variation was positive €+30 million, with inflation costs largely offset by the positive impact of structural savings from a leaner organization combined with the conjectural positive impact of some hiring delays, contained spend on discretionary expenses and lower variable remuneration accruals.

## Key segment figures

| <i>(underlying - in € million)</i> | Q1 2024      | Q1 2023      | % yoy         | % organic     |
|------------------------------------|--------------|--------------|---------------|---------------|
| <b>Net sales</b>                   | <b>1,201</b> | <b>1,355</b> | <b>-11.3%</b> | <b>-11.9%</b> |
| Basic Chemicals                    | 715          | 795          | -10.0%        | -14.6%        |
| Soda Ash & Derivatives             | 493          | 598          | -17.6%        | -18.0%        |
| Peroxides                          | 222          | 197          | 12.8%         | -5.8%         |
| Performance Chemicals              | 484          | 559          | -13.4%        | -7.9%         |
| Silica                             | 145          | 163          | -10.9%        | -11.6%        |
| Coatis                             | 155          | 172          | -9.4%         | -12.1%        |
| Special Chem                       | 183          | 224          | -18.4%        | -0.6%         |
| Corporate                          | 3            | 1            | n.m.          | n.m.          |
| <b>EBITDA</b>                      | <b>265</b>   | <b>365</b>   | <b>-27.2%</b> | <b>-13.6%</b> |
| Basic Chemicals                    | 202          | 249          | -19.0%        | -22.1%        |
| Performance Chemicals              | 80           | 117          | -31.4%        | -15.9%        |
| Corporate                          | -16          | -1           | n.m.          | n.m.          |
| <b>EBITDA margin</b>               | <b>22.1%</b> | <b>26.9%</b> | <b>-4.8pp</b> | <b>-</b>      |
| <i>Basic Chemicals</i>             | <i>28.2%</i> | <i>31.3%</i> | <i>-3.1pp</i> | <i>-</i>      |
| <i>Performance Chemicals</i>       | <i>16.5%</i> | <i>20.9%</i> | <i>-4.3pp</i> | <i>-</i>      |

Note: the 2023 figures are restated for IFRS 5 Discontinued Operations

More information, including the condensed consolidated interim financial statements, notes, reconciliation of the APM and definitions, can be found in the [financial report](#), which is available on Solvay's website.

## Financial calendar

- May 28, 2024: Ordinary General Shareholders' Meeting
- June 3, 2024: final dividend: ex-date (subject to the approval by the General Meeting of May 28, 2024)
- June 5, 2024: final dividend: payment date (subject to the approval by the General Meeting of May 28, 2024)
- July 31, 2024: First half year 2024 earnings
- November 6, 2024: First nine months 2024 earnings

[Link to Solvay's financial calendar](#)

## Details of analysts and investors conference call

Time: May 7, 2024 - 2pm CEST

Registration: register to the webcast [here](#).

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## About Solvay

Solvay, a pioneering chemical company with a legacy rooted in founder Ernest Solvay's pivotal innovations in the soda ash process, is dedicated to delivering essential solutions globally through its workforce of over 9,000 employees. Since 1863, Solvay harnesses the power of chemistry to create innovative, sustainable solutions that answer the world's most essential needs such as purifying the air we breathe and the water we use, preserving our food supplies, protecting our health and well-being, creating eco-friendly clothing, making the tires of our cars more sustainable and cleaning and protecting our homes. Solvay's unwavering commitment drives the transition to a carbon-neutral future by 2050, underscoring its dedication to sustainability and a fair and just transition. As a world-leading company with €4.9 billion in net sales in 2023, Solvay is listed on Euronext Brussels and Paris (SOLB). For more information about Solvay, please visit [solvay.com](https://solvay.com) or follow [Solvay](#) on LinkedIn.

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