

SYENSQO FIRST QUARTER 2024 RESULTS

IMPROVED YEAR-ON-YEAR VOLUME MOMENTUM IN Q1 2024

UNDERLYING EBITDA OF €363 MILLION WITH STRONG SEQUENTIAL MARGIN IMPROVEMENT TO 22.3%

FULL YEAR 2024 OUTLOOK REITERATED

Underlying (€ million)	Q1 2024	Q1 2023	YoY reported	YoY organic	Q4 2023	QoQ reported
Net sales	1,624	1,813	-10.4%	-8.3%	1,577	3.0%
EBITDA	363	473	-23.4%	-20.4%	294	23.3%
EBITDA margin	22.3%	26.1%	-380 bps	-	18.7%	370 bps
Operating cash flow	244	412	-40.9%	-	n.a.	-
Cash conversion (LTM) (1)	88.7%	n.a.	-	-	n.a.	-
Free cash flow (2)	157	255	-38.1%	-	n.a.	-
ROCE (LTM)	9.6%	n.a.	-	-	n.a.	-

Q1 2024 Highlights

- **Net sales** of €1.6 billion increased by 3% sequentially with improved volume momentum, most notably in Novecare and Specialty Polymers. On a year-on-year basis, net sales decreased by 8% organically versus a record Q1 2023, driven by lower volumes (2%) and decrease in prices (6%), most notably in the Consumer & Resources segment and Specialty Polymers.
- **Underlying EBITDA** of €363 million increased by 23% sequentially, in-line with prior outlook
- **EBITDA margin** of 22.3% increased by approximately 370 basis points sequentially, driven by gross margin improvements in all businesses, most notably in Composite Materials, Specialty Polymers and Novecare, reflecting the quality of our offering and strong control of operations and pricing
- **Underlying net profit** of €156 million
- **Operating cash flow** of €244 million, resulting in **cash conversion**¹ of 89%; **Free cash flow**² of €157 million
- **Balance sheet: net debt** reduced to €1.5 billion (versus €1.6 billion at the end of 2023) and **leverage ratio** of 1.0x

Dr. Ilham Kadri, CEO

"In addition to meeting our outlook for the first quarter, I am encouraged by the improved momentum we have seen since the start of the year. We saw strong margin expansion, with sequential improvements in volumes and net sales in both Materials and Consumer & Resources.. However, it is still too early to call it a trend, and we therefore reiterate our full year outlook.

"Our first five months as Syensqo have seen us ensure a smooth transition for our customers, while further sharpening our innovation and commercial priorities, fully aligned with their needs and the unique value we offer. In addition we announced new and ambitious partnerships, launched new disruptive technologies to advance our leadership positions in aerospace, electric vehicles and specialty coatings, as well as making a bolt-on investment in high value dermocosmetics to enhance our portfolio in the consumer market".

[Register to the webcast scheduled at 14:00 CEST](#) - [Financial report](#) - [Financial calendar](#)

¹ Cash conversion: ((Underlying EBITDA +/- Changes in working capital - Sustainance Capex) / Underlying EBITDA)

² Free cash flow to Syensqo shareholders: Free cash flow after payment of net interests, coupons of perpetual hybrid bonds, dividends to non-controlling interests and capital injections and capital reimbursements from/to non-controlling interests

2024 Outlook

While our first quarter 2024 results benefited from improved volume momentum, supporting the strong sequential increase in underlying EBITDA, the pace of a broader macroeconomic recovery remains unclear. As a result, we reiterate our previous full year 2024 outlook ranges as follows:

- **Underlying EBITDA** to be in the range of €1.4 billion and €1.55 billion;
- **Capital expenditures** to be in the range of €600–€650 million;
- **Underlying Free Cash Flow** in the range of €400 million and €500 million, excluding the previously announced \$180 million PFAS payment to the New Jersey Department of Environmental Protection, which was made in April 2024

As demonstrated by our performance in the first quarter of 2024, we confirm that we saw the inflection in our quarterly underlying EBITDA performance in the fourth quarter of 2023. We expect this positive momentum in underlying EBITDA to continue in the second quarter of 2024, aligned with current consensus expectations.

As previously indicated, second quarter net debt will include cash outflows related to the PFAS settlement as well as €172 million related to the dividend payment on May 31, 2024, subject to shareholder approval at the Annual General Meeting on May 23, 2024.

Contacts

Investors & Analysts

Sherief Bakr
+44 7920 575 989

Bisser Alexandrov
+33 607 635 280

Imtiyaz Lokhandwala
+1 609 860 3959

investor.relations@syensqo.com

Media

Nathalie van Ypersele
+32 478 20 10 62

Perrine Marchal
+32 478 32 62 72

Laetitia Schreiber
+32 487 74 38 07

media.relations@syensqo.com

Safe harbor

This press release may contain forward-looking information. Forward-looking statements describe expectations, plans, strategies, goals, future events or intentions. The achievement of forward-looking statements contained in this press release is subject to risks and uncertainties relating to a number of factors, including general economic factors, interest rate and foreign currency exchange rate fluctuations, changing market conditions, product competition, the nature of product development, impact of acquisitions and divestitures, restructurings, products withdrawals, regulatory approval processes, all-in scenario of R&I projects and other unusual items. Consequently, actual results or future events may differ materially from those expressed or implied by such forward-looking statements. Should known or unknown risks or uncertainties materialize, or should our assumptions prove inaccurate, actual results could vary materially from those anticipated. The Company undertakes no obligation to publicly update or revise any forward-looking statements.

About Syensqo

Syensqo is a science company developing groundbreaking solutions that enhance the way we live, work, travel and play. Inspired by the scientific councils which Ernest Solvay initiated in 1911, we bring great minds together to push the limits of science and innovation for the benefit of our customers, with a diverse, global team of more than 13,000 associates.

Our solutions contribute to safer, cleaner, and more sustainable products found in homes, food and consumer goods, planes, cars, batteries, smart devices and health care applications. Our innovation power enables us to deliver on the ambition of a circular economy and explore breakthrough technologies that advance humanity.

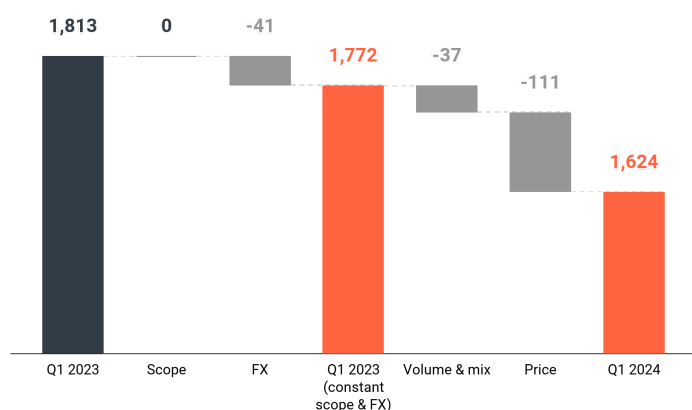
Financial Review

Summary Income Statement

Underlying (€ million)	Q1 2024	Q1 2023	% change
Net sales	1,624	1,813	-10.4%
Gross profit	583	663	-12.0%
<i>Gross profit margin</i>	35.9%	36.6%	-70 bps
EBITDA	363	473	-23.4%
<i>EBITDA margin</i>	22.3%	26.1%	-380 bps
EBIT	252	356	-29.4%
Net financial charges	-35	-35	-1.8%
Income tax expenses	-60	-63	4.6%
Profit / (loss) attributable to Syensqo shareholders	156	258	-39.6%
Basic EPS	1.48	2.43	-39.2%

Net sales of €1,624 million in the first quarter of 2024 declined by 10% on a reported basis, or 8% organically, versus a record performance in the first quarter of 2023. The year-on-year decline in net sales was primarily driven by lower pricing, particularly in the Consumer & Resources segment and Specialty Polymers, and to a lesser extent by lower volumes in Specialty Polymers and Consumer & Resources segment. This was partially offset by strong growth in Composite Materials.

Net sales bridge (€ million)



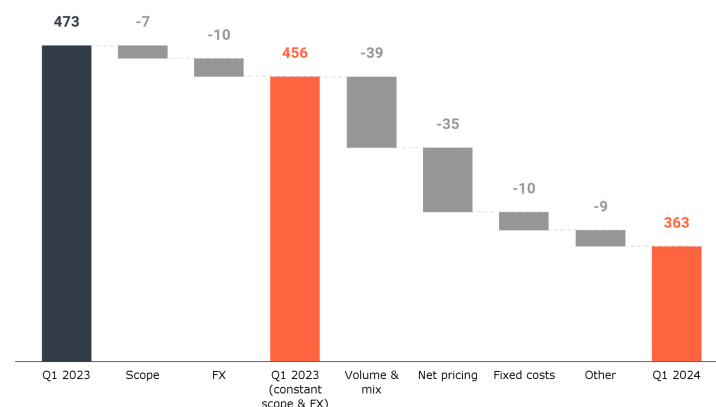
On a sequential basis, net sales increased by 3% on a reported basis, versus the fourth quarter of 2023, primarily driven by higher sales in the Consumer & Resources Segment, and to a lesser extent in Specialty Polymers.

Gross profit of €583 million in the first quarter of 2024 declined by 12% on a reported basis, versus the first quarter of 2023, primarily driven by lower year-on-year net sales.

On a year-on-year basis, gross margin of 35.9% in the first quarter of 2024 decreased by approximately 70 basis points. This compares favorably to the full year 2023 gross margin of 34.8%, up 110 basis points, reflecting the specialty nature of our business, and a higher mix of high margin Materials net sales.

Underlying EBITDA of €363 million in the first quarter of 2024 declined by 23% on a reported basis, or 20% organically, versus a record performance in the first quarter of 2023, driven by lower volumes and, as expected, lower net pricing. In addition, the year-on-year underlying EBITDA performance was negatively impacted by approximately €10 million of dissynergies related to the partial demerger from Solvay.

Underlying EBITDA bridge (€ million)



On a sequential basis, underlying EBITDA in the first quarter of 2024 increased by 23% on a reported basis, versus the fourth quarter of 2023. This was primarily driven by higher underlying EBITDA in the Materials segment and, to a lesser extent, in the Consumer & Resources segment. This was partially offset by higher sequential Corporate & Business services expenses.

Underlying EBITDA margin of 22.3% in the first quarter of 2024 decreased by approximately 380 basis points versus the first quarter of 2023, driven by lower Consumer & Resources EBITDA margin and, to a lesser extent, lower Materials EBITDA margin.

On a sequential basis, underlying EBITDA margin increased by approximately 370 basis points versus the fourth quarter of 2023, driven by higher EBITDA margin in both the Materials and Consumer & Resources segments as well as favorable mix.

Summary of Cash Flow and Net Debt

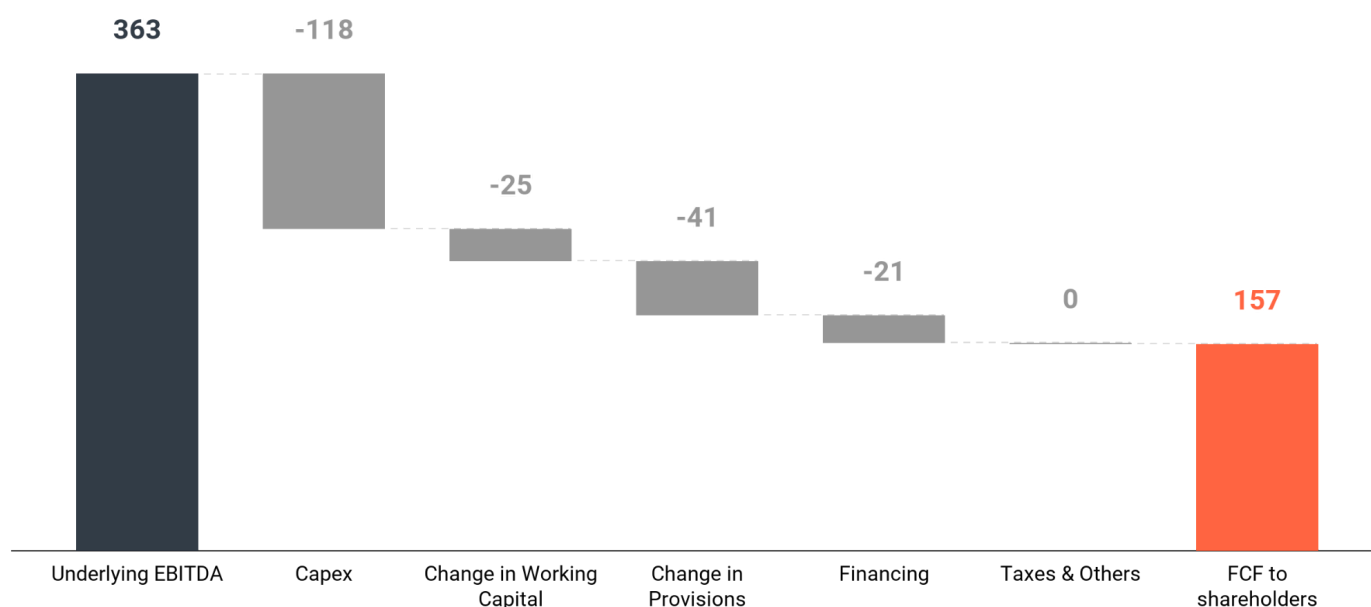
Cash flow from operating activities amounted to €244 million in the first quarter of 2024, including a €25 million cash outflow from movements in working capital and a €41 million cash outflow from movements in provisions, primarily due to cost related to environmental provisions.

Cash conversion defined as (underlying EBITDA +/- changes in working capital - Sustenance Capital Expenditure) / (underlying EBITDA) totalled 89% on a rolling 12-month basis.

Free cash flow to shareholders totalled €157 million in the first quarter of 2024, including €118 million of capital expenditures comprised of €46 million of sustenance capital expenditure, €72 million of growth capital expenditure as well as €32 million of proceeds received from the preliminary settlement of environmental liability insurance policy claims related to PFAS liabilities.

Including a €46 million cash outflow from financing activities, **cash and cash equivalents** totalled €1,247 million at the end of the first quarter of 2024, an increase of €98 million versus the closing cash balance as of 31st December, 2023.

Free cash flow bridge (€ million)



Underlying (€ million)	Q1 2024	End of 2023	Change
Gross debt	2,814	2,813	0.0%
Net debt	1,495	1,584	-5.6%
Leverage ratio	1.0x	1.0x	-
Gearing ratio	17.0%	18.2%	-120 bps

Underlying net financial debt amounted to €1,495 million at the end of the first quarter of 2024, versus €1,584 million at the end of 2023, resulting in a stable leverage ratio of 1.0x and a gearing ratio of 17.0%.

Segment Review

Materials (58% of Group net sales, 86% of Group underlying EBITDA)

Underlying (€ million)	Q1 2024	Q1 2023	% YoY	% organic	Q4 2023	% QoQ
Net sales	940	1,023	-8.1%	-6.0%	927	1.4%
Specialty Polymers	652	773	-15.7%	-13.4%	637	2.3%
Composite Materials	288	249	15.6%	16.3%	290	-0.8%
EBITDA	311	362	-14.0%	-13.2%	261	19.2%
EBITDA margin	33.1%	35.4%	-230 bps	-	28.1%	500 bps

Net sales of €940 million in the first quarter of 2024 declined by 8% on a reported basis, or 6% organically, versus the first quarter of 2023. On a reported basis, the 8% year-on-year decline was driven by the combination of lower volumes and pricing in Specialty Polymers, as well as unfavorable foreign exchange movements. This was partially offset by strong net sales growth in Composite Materials, primarily driven by higher volumes.

Materials net sales bridge (€ million)



Compared to the fourth quarter of 2023, Materials net sales increased by 1% in the first quarter of 2024 on a reported basis, driven by higher net sales in Specialty Polymers. Composite Materials net sales were approximately flat sequentially, versus a strong fourth quarter comparable.

Specialty Polymers net sales of €652 million in the first quarter of 2024 declined by 16% on a reported basis, or 13% organically, versus a record first quarter 2023 driven by lower volumes and prices. Lower year-on-year volumes were primarily driven by the Electronics and Healthcare end markets as well as sales through distributors, partially offset by volume growth in Automotive, most notably in EV batteries. Lower

year-on-year prices were primarily driven by Healthcare and Batteries.

Composite Materials net sales of €288 million in the first quarter of 2024 increased by 16% on both a reported and organic basis, versus the first quarter of 2023, driven by volume growth and, to a lesser extent, by higher prices. The year-on-year increase in volumes was driven by sustained growth in both commercial aircraft as well as space and defense applications.

Underlying segment EBITDA of €311 million in the first quarter of 2024 declined by 14% on a reported basis, or 13% organically, versus a strong first quarter of 2023 due to lower underlying EBITDA in Specialty Polymers, primarily driven by lower volumes and net pricing, most notably in Healthcare, as well as higher operating expenses. This was partially offset by higher underlying EBITDA in Composite Materials, driven by higher volumes and positive net pricing.

On a sequential basis, underlying segment EBITDA increased by 19% in the first quarter of 2024 on a reported basis, versus the fourth quarter of 2023. This was primarily driven by higher underlying EBITDA in Specialty Polymers, and to a lesser extent in Composite Materials.

Underlying EBITDA margin of 33.1% in the first quarter of 2024 decreased by 230 basis points versus the first quarter of 2023. The lower underlying EBITDA margin was driven by an unfavorable sales mix given the stronger year-on-year growth in Composite Materials relative to Specialty Polymers.

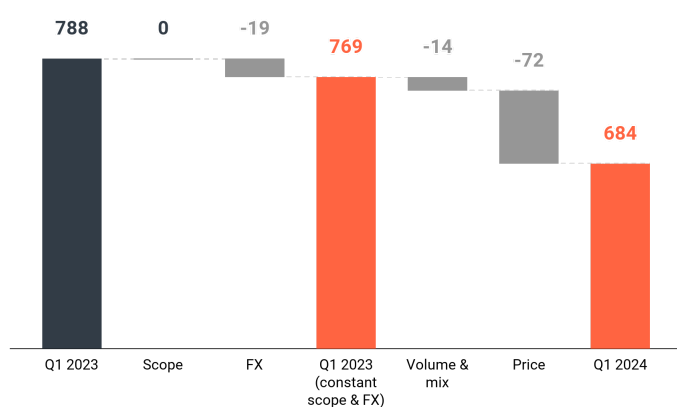
On a sequential basis, underlying EBITDA margin increased by approximately 500 basis points in the first quarter of 2024, driven by margin improvements in both Composite Materials and Specialty Polymers.

Consumer & Resources (42% of Group net sales, 29% of Group underlying EBITDA)

Underlying (€ million)	Q1 2024	Q1 2023	% YoY	% organic	Q4 2023	% QoQ
Net sales	684	788	-13.2%	-11.1%	650	5.3%
Novecare	348	386	-9.9%	-8.4%	318	9.4%
Technology Solutions	153	182	-15.6%	-14.2%	171	-10.5%
Aroma Performance	82	99	-17.6%	-15.2%	78	5.4%
Oil & Gas	101	121	-16.8%	-11.7%	83	21.8%
EBITDA	106	151	-29.8%	-26.9%	79	33.4%
EBITDA margin	15.5%	19.2%	-370 bps	-	12.2%	330 bps

Net sales of €684 million in the first quarter of 2024 declined by 13% on a reported basis, or 11% organically versus the first quarter of 2023. On a reported basis, the 13% year-on-year decline was primarily driven by lower pricing, most notably in Novecare and Aroma Performance as well as unfavorable foreign exchange movements. Volumes declined moderately as growth in the Consumer and Construction end markets was offset by lower volumes in Resources & Environment as well as Agro, Feed & Food.

Consumer & Resources net sales bridge (€ million)



Compared to the fourth quarter of 2023, Consumer & Resources net sales increased by 5% in the first quarter of 2024 on a reported basis, primarily driven by higher net sales in Novecare and Oil & Gas, partially offset by lower net sales in Technology Solutions.

Novecare net sales of €348 million in the first quarter of 2024 declined by 10% on a reported basis, or 8% organically versus the first quarter of 2023, driven by lower pricing, partially offset by higher volumes. Lower pricing was across all major markets, particularly in Agro. This was partially offset by volume growth in all major end markets except Agro.

Technology Solutions net sales of €153 million in the first quarter of 2024 declined by 16% on a reported basis, or 14% organically, versus a strong first quarter of 2023 driven by lower volumes from mining and phosphorus specialties.

Aroma Performance net sales of €82 million in the first quarter of 2024 declined by 18% on a reported basis, or

15% organically, versus the first quarter of 2023, impacted by strong price competition in the food, flavor & fragrance markets. Year-on-year volumes were approximately flat.

During the first quarter of 2024, additional measures were implemented to adapt the fixed cost structure to support the competitiveness and financial performance of the business, including plans to mothball certain of its production lines in Baton Rouge (United States) and Saint Fons (France).

Oil & Gas net sales of €101 million in the first quarter of 2024 declined by 17% on a reported basis, or 12% organically, versus the first quarter of 2023, driven by lower drilling activity in the United States, lower natural gas demand as well as higher competitive pressure.

Underlying segment EBITDA of €106 million in the first quarter of 2024 declined by 30% on a reported basis, or 27% organically, versus the first quarter of 2023. This was primarily due to lower net pricing, primarily in Agro and Home & Personal Care and, to a lesser extent, lower volumes, primarily in Agro, mining and phosphorus specialties.

On a sequential basis, underlying segment EBITDA increased by 34% in the first quarter of 2024 on a reported basis, versus the fourth quarter of 2023. This was primarily due to higher underlying EBITDA in Novecare, most notably in Construction and Industrial applications, and, to a lesser extent, in Oil & Gas driven by an improved demand environment.

Underlying EBITDA margin of 15.5% declined by 370 basis points versus the first quarter of 2023, primarily due to lower contributions from Aroma Performance, Technology Solutions and Oil & Gas.

On a sequential basis, underlying EBITDA margin increased by approximately 330 basis points, driven by higher margins in all business units, most notably in Novecare.

Corporate & Business Services

Underlying (€ million)	Q1 2024	Q1 2023	% YoY	% organic	Q4 2023	% QoQ
Net sales	-	2	<i>n.m.</i>	<i>n.m.</i>	-	<i>n.m.</i>
EBITDA	-55	-40	-37.3%	-	-46	-20.0%

Corporate and Business services reported a cost of €55 million to Syensqo's EBITDA in the first quarter of 2024, a year-on-year increase of €15 million versus the first quarter of 2023, primarily driven by planned dissynergies related to the partial demerger as well as higher spend on growth platforms.

Key IFRS figures

(€ million)	IFRS			Underlying			
	Q1 2024	Q1 2023	% YoY	Q1 2024	Q1 2023	% YoY	% organic
Net sales	1,624	1,813	-10.4%	1,624	1,813	-10.4%	-8.3%
EBITDA	317	537	-40.9%	363	473	-23.4%	-20.4%
<i>EBITDA margin</i>	<i>19.5%</i>	<i>29.6%</i>	<i>-1,010 bps</i>	<i>22.3%</i>	<i>26.1%</i>	<i>-380 bps</i>	-
EBIT	173	386	-55.3%	252	356	-29.4%	-
Net financial charges	-22	-34	35.4%	-35	-35	-1.8%	-
Income tax expenses	-50	-67	24.4%	-60	-63	4.6%	-
Profit / (loss) attributable to Syensqo shareholders	100	285	-65.0%	156	258	-39.6%	-
Basic EPS (in €)	0.95	2.69	-64.8%	1.48	2.43	-39.2%	-

Glossary

- **Cash flow from operating activities** are those generated from/(used by) the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.
- **Cash conversion** Is a ratio used to measure the conversion of EBITDA into cash according to the formula $((\text{Underlying EBITDA} \pm \text{Changes in working capital} - \text{Sustenance Capex}) / (\text{Underlying EBITDA}))$. Sustenance capital expenditure includes capital expenditures for maintenance, for the implementation of the One Planet strategy and for Digital Transformation initiatives, as well as payment of lease liabilities
- **EPS** is earnings per share
- **Free cash flow to Syensqo shareholders:** Free cash flow after payment of net interests, coupons of perpetual hybrid bonds, dividends to non-controlling interests and capital injections and capital reimbursements from/to non-controlling interests. This represents the cash flow available to Syensqo shareholders, to pay their dividend and/or to reduce the net financial debt.
- **Gearing ratio:** $\text{Underlying net debt} / (\text{underlying net debt} + \text{Equity})$
- **Net financial debt:** Non-current financial debt + current financial debt – cash & cash equivalents – other financial instruments. **Underlying net debt** reclassified as debt 100% of the hybrid perpetual bonds, considered as equity under IFRS. It is a key measure of the strength of the Group's financial position and is widely used by credit rating agencies
- **Organic growth:** growth 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
- **Return on Capital Employed (ROCE):** 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
- **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)

Investor Relations sources

- [Earnings materials](#)
- [Strategy](#)
- [Share information](#)
- [Credit information](#)
- [Separation documents](#)
- [Webcasts, presentations and podcasts](#)
- [2023 Annual Integrated Report](#)
- [Subscribe to our distribution list](#)

