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# Solvay to unlock value by exploring a separation into two independent publicly listed companies

*Designed to sharpen strategic focus, optimize growth opportunities, and build the foundation for the future*

*SpecialtyCo to be a pure play specialty leader with accelerated growth potential*

*EssentialCo to be an essential chemicals leader with resilient cash generation*

*Conference call to be held on March 15, 2022 at 10:00am CET to outline the contemplated transaction*

Brussels - March 15, 2022, 7:30am CET

Solvay ("the Company") today announced it is reviewing plans to separate the Company into two independent publicly traded companies:

- EssentialCo would comprise leading mono-technology businesses including Soda Ash, Peroxides, Silica and Coatis, which are reported as the Company's Chemicals segment, as well as the Special Chem business. These businesses generated approximately €4.1 bn in net sales in 2021.
- SpecialtyCo would comprise the Company's currently reported Materials segment, including its high-growth, high-margin Specialty Polymers, its high-performance Composites business, as well as the majority of its Solutions segment, including Novicare, Technology Solutions, Aroma Performance, and Oil & Gas. These businesses combined generated approximately €6.0 bn in net sales in 2021.

*"The plan to separate into two leading companies represents a pivotal moment in our journey to transform and simplify Solvay," said Ilham Kadri, chief executive officer, Solvay. "Since we first launched our G.R.O.W. strategy in 2019, we have taken a number of actions to strengthen our financial and operational performance, focus our portfolio on higher growth and higher margin businesses, and reinforce our business purpose across the organization. We have changed the culture profoundly, with a passion for performance and meritocracy at its core. Our successful focus on cash, costs, and returns has strengthened*



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*the Materials and Solutions segments to be more self-sustaining and profitable. At the same time, the Chemicals segment has continued its strong track record of resilient cash generation. Notwithstanding the challenges of the current global environment, we are confident that pursuing this plan would enable us to create compelling value for shareholders over the long-term."*

*"Our talented and dedicated employees have worked hard to transform Solvay, and their efforts have enabled us to take this important next step towards the creation of two strong companies," continued Kadri. "We expect to create opportunities in each company for our employees to thrive and grow, and we are confident that both companies will maintain the same levels of customer focus and commitment to value creation."*

*"Today's news is an important milestone for Solvay," said Nicolas Boël, Chairman of Solvay Board of Directors. "In the last decade, Solvay has undergone major evolutions and the transformation has accelerated under Ilham's leadership with a focus on profitable growth and simplifying the Company, all while driving innovation and raising the bar in sustainability. This exciting announcement marks the next phase of the transformation. On behalf of the entire Board, we look forward to guiding Solvay's next chapter of sustainable value creation for shareholders, customers and employees."*

#### Benefits of the Separation

Upon completion, the separation would establish two strong industry leaders that would benefit from the strategic and financial flexibility to focus on their distinctive business models, market and stakeholder priorities. Following the separation, each standalone company would be positioned to:

- Intensify focus on its strategy and growth opportunities;
- Prioritize resources to meet its unique business needs;
- Apply differentiated operating models to better serve its customers;
- Pursue distinct capital structures and capital allocation priorities;
- Drive sustainability initiatives, including reaching carbon neutrality before 2040 for SpecialtyCo, and before 2050 for EssentialCo;
- Attract and retain talent best suited for distinct businesses; and
- Provide a clear investment thesis and visibility to attract a long-term investor base suited to each company.



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### EssentialCo – An Essential Chemicals Leader with Resilient Cash Generation

EssentialCo would provide technologies that have proven essential across a number of attractive and resilient end markets (including building, consumer goods, automotive) and benefit from a foundation of strong leadership positions. As an independent company, EssentialCo would be positioned to further reinforce its leadership through expansion and consolidation opportunities, including accelerating growth in natural soda ash and sodium bicarbonate, pursuing growth in the Asia-Pacific region and further extending its leadership in a consolidating peroxide market. It would also play a key role in accelerating the energy transition that began in its soda ash business in order to be carbon neutral before 2050. Following the separation, EssentialCo would strengthen its operating model by enhancing its cost leadership and maximizing cash generation.

### SpecialtyCo – A Pure-play Specialty Leader with Accelerated Growth Potential

As an independent company, SpecialtyCo would provide innovative, value-added solutions that support a more sustainable world, driving above market growth and strong returns. SpecialtyCo would be comprised of two business segments:

- **Materials:** The Materials segment is an industry leader in advanced materials, focused on bringing new solutions to customers that address critical performance and environmental challenges. Materials has the broadest portfolio of unique, patented materials based on high-performance polymer and carbon fiber composite technologies, with leading global positions in all core markets. These businesses have a strong track record of above market growth, supported by underlying megatrends including electrification, lightweighting, sustainable mobility, and digitalization. With a focus on innovation, a robust commercial engine, and unique understanding of its customer base, Materials would be positioned to drive continued penetration of its sustainable solutions to help customers disrupt their industries (transportation, electronics, healthcare). The segment would benefit from increased investments in capacity, innovation, and commercial capabilities to support above market organic growth at superior returns and industry-leading margins.
- **Consumer & Resources:** The Consumer & Resources segment primarily consists of businesses within Solvay's current Solutions segment and would be a market leader in providing specialty ingredients focused on more natural and sustainable solutions by anticipating rapidly evolving customer needs. With a proven, asset-light



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business model that is supported by underlying megatrends including eco-friendly ingredients and resource efficiency, the segment is well positioned to drive the consumer industry toward biobased, natural and circular solutions, leveraging its portfolio of innovative solutions and application expertise. The segment would be positioned to drive above market growth at strong returns.

### Proposed Transaction Overview

Each company would have a tailored capital structure that best supports its value creation objectives. SpecialtyCo would be committed to a strong investment-grade rating. The company would have full financial flexibility at the time of separation to fund its growth plan. EssentialCo would maintain a prudent financial policy to support cash generation. The current investment grade rating of Solvay SA is intended to be preserved until the separation. Solvay SA is committed to offer current USD and EUR senior and hybrid bondholders the option to be transferred to SpecialtyCo in due time. The dividend at the outset is intended to be aligned with Solvay's current level.

Under the separation plan, Solvay's shareholders would retain their current shares of Solvay stock, which will continue to be listed on Euronext Brussels and Euronext Paris. The separation would be effected by means of a partial demerger of Solvay whereby the specialty businesses will be spun off to SpecialtyCo. Solvay shareholders at the time of separation would receive shares in SpecialtyCo pro rata to their shareholding in Solvay SA. The shares of each company would be expected to be listed on Euronext Brussels and Euronext Paris. The company expects to structure the separation in a manner that would be tax efficient for a significant majority of shareholders in key jurisdictions.

The composition of the Boards and management teams, as well as naming for each company, will be provided at a later date.

The transaction is subject to general market conditions and customary closing conditions, including final approval by Solvay's Board of Directors, consent of certain financing providers and shareholder approval at an extraordinary general meeting, and is expected to be completed in the second half of 2023. The Board of Directors of Solvac, Solvay's long-standing reference shareholder, has confirmed its support of Solvay's transaction.

Solvay envisages updating investors on the strategies for SpecialtyCo and EssentialCo prior to the completion of the separation.



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## Advisors

Morgan Stanley and BNP Paribas are serving as financial advisors for the transaction, with Cleary Gottlieb Steen & Hamilton and Linklaters acting as legal advisors.

## Investor Conference Call

The Company plans to hold an investor call to discuss this announcement and provide an opportunity for Q&A on March 15 at 10:00am (CET). The call will be hosted by Ilham Kadri and Karim Hajjar and will be accessible on [Solvay's website](#). A slide presentation will be posted online 30 minutes before the call starts.

## Safe harbor

This is a public announcement by Solvay SA/NV pursuant to Article 17(1) of Regulation (EU) No. 596/2014 of April 16, 2014, as amended.

The planned organizational design for SpecialtyCo and EssentialCo remains subject to a number of analyses, conditions, consultations and approvals. There can be no assurance regarding the ultimate timing of the contemplated separation or that the separation will actually be completed.

The contemplated separation and related reorganization transactions remain subject to review and decision by the Board of Directors, consent by certain financing providers and final decision by the shareholders' meeting. The Company will keep the market informed if and when appropriate.

Certain statements contained herein may be forward-looking statements including, but not limited to, the statements about the potential separation of the Company into EssentialCo and SpecialtyCo, as well as other statements that are predictions of or indicate plans, strategies, goals, future events or intentions. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks, uncertainties and assumptions. Should one or more of these risks and uncertainties materialize, or should any underlying assumptions prove incorrect or any other factor impact those statements, the Company's and the Solvay Group's actual results, plans and objectives, including, without limitation, the timing and consummation of the transactions described herein, may differ materially from those expressed or implied in the forward looking statements. The inclusion of such statements should not be regarded as a representation that such results, plans or objectives will be achieved. Important factors that could cause actual results, plans and objectives to differ materially from those expressed in such statements include, among others, the Company's ability to satisfy the necessary conditions to consummate the contemplated separation, or that such separation will be completed, within the expected time frame, on the expected terms or at all; the Company's ability to realize the anticipated benefits of the potential separation, in full or at all; the expected tax treatment of the potential separation; potential uncertainty during the pendency of the contemplated separation that could affect the Company's financial performance; the possibility of disruption, including changes to existing business relationships, disputes, litigation or unanticipated costs in connection with the



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contemplated separation and related transactions; uncertainty of EssentialCo's and SpecialtyCo's financial performance and ability to succeed as standalone publicly traded companies following completion of the separation; negative effects of the announcement or pendency of the separation and related transactions on the market price of the Company's securities and/or on its financial performance; general economic factors, such as interest rate, currency exchange rate fluctuations and changing market conditions; competition, including technological advances, new products and patents attained by competitors; challenges inherent in new product research and development; the impact of business combinations, divestitures and restructurings, including any reorganizations to be carried out in connection with the contemplated transaction; adverse litigation or government action, including related to product liability claims; changes to applicable laws and regulations, including tax laws and import/export and trade laws; the impact of products withdrawals; regulatory approval processes; all-in scenario of R&I projects. The Company undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise, except as required by applicable laws and regulations.

This press release is for informational purposes only and is not intended to and does not constitute an offer or invitation to sell or solicitation of an offer to subscribe for or buy, or an invitation to purchase or subscribe for, any securities of the Company, EssentialCo or SpecialtyCo, any part of the business or assets described herein, or any other interests or the solicitation of any vote or approval in any jurisdiction in connection with the transactions described herein or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. This press release should not be construed in any manner as a recommendation to any reader thereof.

This press release is not a prospectus, product disclosure statement or other offering document for the purposes of Regulation (EU) 2017/1129 of June 14, 2017 (as amended, the "Prospectus Regulation"), and the contemplated distribution of SpecialtyCo shares is expected to be carried out in circumstances that do not constitute "an offer to the public" within the meaning of the Prospectus Regulation.

The distribution of this press release may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes, should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.



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## About Solvay

Solvay is a science company whose technologies bring benefits to many aspects of daily life. With more than 21,000 employees in 63 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 €10.1 billion in 2021. Solvay is listed on Euronext Brussels and Paris (SOLB). Learn more at [www.solvay.com](http://www.solvay.com).



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