

# Syensqo launches its 5-year growth strategy to create significant value

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Today marks a new era for Syensqo and its stakeholders as it sets out its new, more focused growth strategy as it prepares to begin life as an independent, listed company (subject to approval by Solvay's shareholders at the Extraordinary General Meeting approval on December 8, 2023). Syensqo presents its new mid-term financial targets and sustainability commitments at its inaugural Capital Markets Day. The presentation prepared for the Capital Markets Day is available on Syensqo's website ([www.syensqo.com/en/investors/spinoff](http://www.syensqo.com/en/investors/spinoff)) and key highlights are summarized below.

Syensqo's future senior leadership team, announced on November 3rd, 2023, is committed to accelerating value creation by delivering superior revenue growth, margin expansion and increasing returns. Achieving Syensqo's mid-term targets is expected to deliver more than €7bn of cash<sup>1</sup> between 2024 and 2028.

Syensqo believes the separation will create one of the leading global pure play specialty chemical companies, driven by its mission to be the innovation leader in its industry and its unique portfolio of technologies, solving the unmet needs of its customers across the globe. Syensqo's unique portfolio of solutions is aimed at addressing disruptive megatrends, including electrification, lightweighting, connectivity, and quality of life. In addition, Syensqo is at the heart of the transition towards a climate-neutral economy, which is expected to drive new sources of value and support its long-term growth.

Syensqo's long-term ambition is to be the prime innovation partner to its customers, grow at around two times the rate of its end markets, and deliver superior returns.

## Mid-term financial targets<sup>2</sup> to 2028

Syensqo sets its 2028 financial targets (on an organic basis) as follows:

- 5% to 7% net sales growth<sup>3</sup> over 2024-2028
- Underlying EBITDA Margin (in %) to mid-20s by 2028
- ROCE<sup>4</sup> to mid-teens by 2028

<sup>1</sup> Refers to Levered (Pre-Capital Expenditures) Cash Flow. See "Definitions" below.

<sup>2</sup> See "Definitions" below for definitions of financial metrics

<sup>3</sup> Average annual organic sales growth over the period

<sup>4</sup> Return on Capital Employed

## Prioritizing growth while maintaining strong investment grade rating

Syensqo is expected to have a strong balance sheet and foundation for accelerated growth, with an expected strong investment grade rating.

## Launching its One Planet sustainability commitments

Syensqo's One Planet targets represent a commitment to making the world a better place, and act as a driver of revenue growth. Syensqo's specific targets include:

- -23% Scope 3 GHG emissions<sup>5</sup> by 2030 compared to 2021
- Carbon neutrality on Scope 1 and 2 GHG emissions by 2040, with -40% Scope 1 and 2 GHG emissions by 2030 compared to 2021
- Increasing circular economy sales to 18% of total sales by 2030
- Aiming for Gender parity across our organization by 2033 for mid and senior management

## Financial advisors

In relation to the separation, BNP PARIBAS and Morgan Stanley are acting as Financial Advisors and Lead ECM Advisors, Berenberg, Deutsche Bank AG and J.P. Morgan SE are acting as ECM Advisors, Bank Degroof Petercam SA/NV, BofA Securities Europe SA and Société Générale are acting as Co-Advisors. STJ Advisors is acting as Independent Equity Capital Markets Advisor to the Company.

## Definitions

**Circular economy sales** refers to: (i) sales of products increasing durability in the use phase downstream in the value chain; (ii) sales based on recycled or renewable materials and renewable energy (based on costs weighted as described below); and (iii) sales of products enabling recycling at the end of life downstream in the value chain.

**Focus five** categories of Scope 3 GHG emissions (categorized according to the Greenhouse Gas Protocol corporate value chain (Scope 3) accounting and reporting standard and the GRI-305 Sustainability Reporting Standard) are (1) purchased goods and services (Category 1), which include impacts of upstream transportation and distribution (Category 4) and waste generated in operations (Category 5), (2) fuel- and energy-related activities (Category 3), (3) processing of sold products (Category 10), (4) use of sold products (Category 11) and (5) end-of-life treatment of sold products (Category 12).

**Free Cash Flow** is equal to cash flows from operating activities (excluding cash flows linked to acquisitions or disposals of subsidiaries and cash outflows of voluntary pension contributions, as they are deleveraging in nature as a reimbursement of debt and cash flows related to internal management of portfolio such as one-off costs of internal carve-outs and related taxes), cash flows from investing activities (excluding cash flows from or related to the acquisitions and disposals of subsidiaries, and cash flows associated with the partial demerger project) and other investments, and excluding loans to associates and non-consolidated investments, and recognition of factored receivables and increase/decrease of borrowings related to environmental remediation. In addition, because leases are generally considered to be operating in nature, free cash flow incorporates the payment of the lease liability (excluding the interest expense) recorded in cash flow from financing activities in accordance with IFRS 16.

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<sup>5</sup> See "Definitions" below

**Levered (Pre-Capital Expenditures) Cash Flow** is defined as Free Cash Flow after payment of net interests, coupons of perpetual hybrid bonds and dividends to non-controlling interests, but before capital expenditures.

**ROCE** is calculated as the ratio between Underlying EBIT (before adjustment for the amortization of purchase price allocation) and capital employed. Capital employed consists of net working capital, tangible and intangible assets, goodwill, rights-of-use assets, investments in associates and joint ventures and other investments, and is taken as the average of the situation at the beginning and at the end of each period. In future periods, ROCE is expected to be calculated in accordance with this definition, subject to potential adjustments to eliminate material distortions associated with the full consolidation of the results of any joint ventures under IFRS.

**Underlying EBIT** is calculated by applying the adjustments to EBIT listed in the Registration Document in Section 9.3, "Alternative Performance Measures." EBIT is equal to earnings before interest and taxes (which includes the Syensqo group's share of earnings from associates and joint ventures).

**Underlying EBITDA Margin** is defined as underlying EBITDA as a percentage of net sales. Underlying EBITDA is calculated by applying the adjustments to EBITDA listed in the Registration Document in Section 9.3, "Alternative Performance Measures." EBITDA is equal to earnings before interest, taxes, depreciation and amortization. It is equal to EBIT (which includes the Syensqo group's share of earnings from associates and joint ventures), after adding charges for depreciation, amortization and impairment.

## 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.

Learn more at <https://www.syensqo.com/en/investors/spinoff>

### Important legal information

This press release is an advertisement relating to the intention of Syensqo SA/NV ("Syensqo" or the "Company") to proceed with the listing and admission of its shares to trading on the regulated markets of Euronext in Brussels and Paris (the "Admission") in the context of the separation of Solvay SA/NV ("Solvay"). This press release does not constitute a prospectus.

This press release has been prepared by the Company, and access to it has been granted to you, solely for your information in connection with the Admission. The information contained in the press release has not been independently verified. The contemplated separation of Solvay and the Admission are subject to general market conditions and customary closing conditions, including the approval by Solvay's shareholders at an extraordinary general meeting expected to be held on December 8, 2023 (or on a subsequent date to be announced by Solvay and the Company), of the contemplated partial demerger of Solvay (the "Partial Demerger"). The Company will keep the market informed, if and when appropriate, in accordance with applicable laws and regulations.

This press release is an advertisement and not a prospectus or other offering document for the purposes of Regulation (EU) 2017/1129 of June 14, 2017 (as amended, the "Prospectus Regulation") or Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "UK Prospectus Regulation"), and the allocation of shares of Syensqo to Solvay's shareholders as part of the contemplated Partial Demerger is

expected to be carried out in circumstances that do not constitute “an offer to the public” within the meaning of the Prospectus Regulation or the UK Prospectus Regulation.

You should read the registration document prepared by the Company for purposes of the Admission (the “Registration Document”), which is available to investors at no cost through the corporate websites of the Company and Solvay ([www.solvay.com](http://www.solvay.com)), as well as at the registered office of Syensqo, at Rue de la Fusée 98, 1130 Brussels, Belgium. The Registration Document includes a detailed description of the Company, its businesses following completion of the Partial Demerger, strategy, financial condition, results of operations and risk factors. The approval of the Registration Document by the Belgian Financial Services and Markets Authority (the “FSMA”) should not be understood as an endorsement of the shares of the Company to be admitted to trading on the aforementioned regulated markets. The Registration Document will be supplemented by a supplement, which will be approved by the FSMA. The Registration Document (and the supplement) will, together with a securities note (the “Securities Note”) and a summary of the prospectus, become the constituent documents of the prospectus to be published by the Company for purposes of the Admission (the “Prospectus”). Once the Prospectus has been approved by the FSMA, the Prospectus will be published and made available at no cost through the corporate websites of the Company and Solvay ([www.solvay.com](http://www.solvay.com)), as well as at the registered office of Syensqo, at Rue de la Fusée 98, 1130 Brussels, Belgium. The Prospectus will also be passported to the French Autorité des marchés financiers. The approval of the Prospectus by the FSMA should not be understood as an endorsement of the shares of the Company to be admitted to trading on the aforementioned regulated markets.

**Any potential investor should make their investment solely on the basis of information that will be contained in the Prospectus once it is published. Potential investors should read the Prospectus before making an investment decision in order to fully understand the potential risks and rewards associated with the decision to invest in the Company’s shares.**

#### **Key risk factors for consideration**

The following is a selection of the key risks that relate to the Company’s industry and business, operations and financial condition, based on the probability of their occurrence and the expected magnitude of their negative impact. In making this selection, the Company has considered circumstances such as the probability of the risk materializing on the basis of the current state of affairs, the potential impact that the materialization of the risk could have on the Company’s business, financial condition, results of operations and prospects, and the attention that management would on the basis of the current expectations have to devote to these risks if they were to materialize. The risk factors listed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties that the Company faces. Please refer to Chapter 1, “Risk factors” of the Registration Document and Chapter 1, “Risk factors related to the shares being admitted to trading” of the Securities Note for additional information.

- The Group may not realize its objective to grow faster than many of its markets, which can be impacted by different business cycles.
- The Group is dependent on the availability of energy, including natural gas, and certain raw and intermediate materials.
- Increases in the price of energy products and other inputs could harm the Group’s business.
- The Group may face difficulties resulting from its international operations.
- The Group uses and sells some hazardous materials, chemicals and biological and toxic, organic and inorganic compounds, and produces industrial emissions and discharges.
- The Group’s past and present production and use of PFAS substances exposes it to significant liabilities.
- The Group may be subject to liabilities for current and legacy environmental clean-up and remediation costs.
- Complying with evolving antitrust, fraud, corruption and bribery, tax, and other laws and requirements may be difficult or costly.
- The Group’s separation from Solvay SA may result in a loss of business opportunities and decreased purchasing power and result in a loss of synergies.

- The Company's combined financial statements are not necessarily representative of the results it would have achieved as a standalone public company and may not be a reliable indicator of its future results.
- The Group's ability to operate its business effectively may be impacted if it fails to put in place a new governance and organizational structure and appropriate internal controls, or if it is not able to retain key senior managers and employees following the Partial Demerger.
- The Group will depend on services provided by Solvay SA under a transition services agreement following the Partial Demerger.
- The Group must abide by certain restrictions that could affect its business, in order to preserve the tax-free treatment of the Partial Demerger for U.S. federal income tax purposes.
- An active trading market for the shares of the Company may not develop or be sustained, and may not be liquid enough to enable investors to sell their shares in the Company effectively in terms of timing or value.
- Substantial sales of the shares of the Company may occur in connection with the Partial Demerger, which could cause the Company's share price to decline.

#### **Cautionary statements concerning forward-looking statements**

Certain statements contained herein may be forward-looking statements including, but not limited to, the statements about the Partial Demerger, as well as other statements that are predictions of or indicate plans, strategies, goals, future events or intentions. In particular, these statements relate to (and include data relating to) Company management's business strategies, capital expenditures and other investments, growth of existing operations and expansion plans, its financial situation and its cash flow, as well as forecasts, other future events, trends or objectives and expectations concerning, in particular, the markets in which it operates, its strategy, its growth and its results. These statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The statements in the press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. The statements are not historical facts and should not be construed as a guarantee that the stated facts and/or data will occur. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. As such, undue reliance should not be placed on such statements. 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, objectives and expectations, as well as the timing and consummation of the Partial Demerger and related transactions, 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, trends or objectives will be achieved. Important factors that could cause actual results, plans, trends and objectives to differ materially from those expressed in such statements include, among others, Solvay's and the Company's ability to satisfy the necessary conditions to consummate the Partial Demerger, or that the Partial Demerger 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 Partial Demerger, in full or at all; the expected tax treatment of the Partial Demerger; potential uncertainty during the pendency of the Partial Demerger 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 Partial Demerger and related transactions; uncertainty of Solvay's or the Company's financial performance and ability to succeed as standalone publicly traded companies following completion of the Partial Demerger; negative effects of the announcement or pendency of the Partial Demerger and related transactions on the value and future market price of the Company's securities as a standalone publicly traded company 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; the

ability to implement its R&I projects and efforts; the ability to capture any opportunities and market share growth from its principal end-markets or the identified growth platforms, to the extent realized; the ability to identify and invest in value-creating projects and apply its value-based pricing model; the ability to deliver on its strategic initiatives; and the ability to improve efficiency in the use of its existing assets. 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.

#### **Financial information included in this press release**

The financial information for the years 2020, 2021 and 2022 and for the six-month period ended June 30, 2023 has been derived from the combined financial statements of SpecialtyCo (defined as the Solvay business units being transferred to Syensqo as part of the Partial Demerger). The combined financial statements have been prepared in accordance with IFRS from the consolidated financial statements of Solvay SA. However, they may not be indicative of the future performance of Syensqo and do not necessarily reflect SpecialtyCo's financial position, results of operations, capital structure and cash flows had it operated as an independent standalone company during such periods. The combined financial statements of SpecialtyCo for the years 2020, 2021 and 2022 are included in the Registration Document, and the interim combined financial statements of SpecialtyCo for the six-month period ended June 30, 2023 are available on the website of the Company. Information derived from such combined financial statements in this press release is qualified by the detailed information contained therein, including in the notes thereto.

Certain financial information for periods prior to 2020 relating to the business units of Solvay that will form part of SpecialtyCo after completion of the Partial Demerger is presented herein for purposes of illustrating indicative trends. However, the financial information for those business units was prepared on a basis that is different from the basis of preparation of the combined financial statements of SpecialtyCo. Accordingly, the trend information presented herein may be different from the trends that would be shown had combined financial statements of SpecialtyCo been prepared for such periods. Investors should not place undue reliance on such trend information.

In addition, this press release refers to certain non-GAAP financial measures, or alternative performance measures, used by the Company in analyzing SpecialtyCo's operating trends, financial performance and financial position and providing investors with additional information considered useful and relevant regarding SpecialtyCo's results. These non-GAAP financial measures are not recognized measures under IFRS or any other generally accepted accounting standards, and they generally have no standardized meaning and therefore may not be comparable to similarly labeled measures used by other companies. As a result, none of these non-GAAP financial measures should be considered in isolation from, or as a substitute for, SpecialtyCo's combined financial statements and related notes prepared in accordance with IFRS. For a definition of each non-GAAP financial measure included in this press release and a reconciliation from such non-GAAP financial measure to the relevant line item, subtotal or total in SpecialtyCo's financial statements, please refer to Section 9.3, "Alternative Performance Measures" of the Registration Document.

Certain calculated figures (including data expressed in thousands or millions) and percentages presented in the press release have been rounded. Where applicable, the totals presented in this press release may slightly differ from the totals that would have been obtained by adding the exact amounts (not rounded) for these calculated figures.

#### **Disclaimer**

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 or Solvay, 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.

The securities of the Company have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and neither Solvay nor the Company intend to make a public offer of securities in the United States.

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.

This press release is directed solely to persons in the United Kingdom who (i) have professional experience in matters relating to investments, such persons falling within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”) or (ii) are persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order or (iii) other persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) may lawfully be communicated or caused to be communicated, (all such persons together being referred to as “relevant persons”). This press release is directed only to relevant persons and must not be acted on or relied on by persons who are not relevant persons.

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