

Solvay fourth quarter and full year 2025 results

Analysts call transcript

February 24, 2026

Geoffroy d'Oultremont, Head of Investor Relations

Good afternoon, everyone and welcome to Solvay's fourth quarter and full-year 2025 earnings call. I am Geoffroy d'Oultremont, Head of Investor Relations, and with me today are our CEO, Philippe Kehren and our CFO, Alexandre Blum.

This call is being recorded and will be accessible for replay on the Investor Relations section of Solvay's website later today.

I would like to remind you that the presentation includes forward-looking statements that are subject to risks and uncertainties. The slides shared today are also available on our website.

We will first discuss our full year earnings and the outlook for 2026 and then take your questions.

Philippe, over to you.

Philippe Kehren, CEO

Thank you Geoffroy and hello everyone.

In 2025 we delivered healthy margins and strong cash flow despite the challenging environment.

In this context, we remain disciplined and act to secure our competitiveness leveraging energy transition and footprint optimization.

Our strategy has proven to work and we continue to focus on being a leading "essential chemical" company, with safety and sustainability at the heart of it.

Let me share more details on this, starting with Safety.

Safety remains our top priority, and we continue working toward our zero-accident objective.

In 2025, we launched a major safety culture transformation program, designed to improve safety performance across all our sites. While the reportable injuries increased slightly compared to last year, the severity of the incidents decreased overall. This is a sign that our efforts are starting to pay off. We are not there yet but we are fully committed to continuing our transformation in 2026.

Let me now share with you our progress on sustainability, implementing our For Generations roadmap across the business, moving to slide 6.

We have progressed well on our greenhouse gas emissions targets.

Our CO2 emissions, scope 1 and 2, have decreased by 29% compared to 2021, already close to our 2030 target of minus 30%. The reduction was driven equally by decarbonization projects and by lower activity levels. The largest structural contributors were the coal phase-out projects in our soda ash plants in the US and Germany, which were completed in 2024 and delivered their full impact in 2025.

The next steps will be the new cogeneration unit in Dombasle, France, which will substitute coal with refuse-derived fuel and which is expected to be operational later this year. The new cogeneration project in Torrelavega in Spain, announced in 2025, is expected to be operational in 2027.

One year ago, we also announced our new biodiversity commitment for the group. In 2025, we launched a pilot at our Dombasle site, testing a science-based framework provided by the International Union for the Conservation of Nature. This framework aims to develop a blueprint for effective biodiversity actions that can be replicated across global operations. At the end of 2025 already 16% of our lands are under

conservation or restoration. We'll continue working closely with the IUCN, and the next step will be a second pilot at our Rosignano site, where we will further apply and refine the methodology.

We also moved forward on our Better Life KPIs:

As mentioned earlier, safety improved slightly compared to last year and we are dedicated and focused on improving this even more.

We have been steadily moving on our diversity target, with 28.8% of women in mid and senior management. Lastly, on Living wage, we are very proud to have achieved our target already one year in advance with 100% of our own workforce throughout the world receiving a decent living wage.

Turning to slide 7

Before Alex takes you through the details of the results, let me leave you with three key messages for the year.

First, in 2025, we continued to deliver healthy margins and strong cash.

The transformation of the company is progressing well, and the operational excellence savings associated with it are supporting our performance.

In 2025, the overall environment remained very challenging, and we had some transformation expenses generating cash outflows. These are expenses tied to the separation, including phasing out the transition service agreement and building a new, simplified ERP; as well as essential initiatives for the new Solvay, including the ongoing fluorine business restructuring.

At the same time, we generated €350 million free cash flow thanks to our disciplined cash allocation framework and decisive Working Capital management throughout the year. This is a real achievement in such a tough year.

2026 will be another challenging year. On the top line, the demand environment is not yet showing any sign of recovery, and the bottom line will be impacted by the transformation expenses.

So in this context, and this is my 2nd key message, we continue taking actions to make sure we can emerge stronger. Strengthening our competitiveness is essential.

One key lever is accelerating our energy transition, with a particular focus on phasing out coal across our European operations. Our decarbonization roadmap is progressing well. But at the same time, we need to align the European climate policies (ETS & CBAM) with industrial reality: we cannot force decarbonization decades ahead of the 2050 target without the right framework. Extending free quotas until 2050 is a technical necessity to fund the transformation of historical sites instead of shutting them down. We need the support of the authorities for a competitive energy access. This is critical if we want to maintain competitive supply chains in Europe.

The other key lever is industrial footprint optimization, to safeguard long-term competitiveness. We regularly assess each site to ensure it can remain competitive in the evolving environment. When this is no longer the case, we act decisively. This has led to the restructuring of our fluorine operations in Germany, the closure of our Salindres site in 2025, and earlier decisions to close our Peroxides plants in Warrington in the UK and Povoá in Portugal.

Yesterday, we launched a consultation process to reduce our production capacity at the Torrelavega plant, from 600 kilotons to 420 kilotons, starting in Q3 2026. This measure allows us to define a very clear industrial roadmap for the site, which will focus on local soda ash customers and competitive and low-carbon high grade bicarbonate.

All these measures strengthen the overall performance and agility of our European manufacturing base.

Together, our footprint-optimization and energy-transition initiatives enable us to maintain an asset base that is highly competitive in its markets.

In summary ... One, we deliver; two, we act to protect and reinforce our competitiveness.

Third key message is that we remain focused on the deployment of our “essential chemistry” strategy. We continue the long-term transformation, which is about simplification of our organization and digitalization of our plants.

We are preparing the future and invest where demand justifies it. In 2025, we inaugurated our new rare earths workshop in La Rochelle for permanent magnets, and we doubled the capacity of our electronic grade of H2O2 plant in China. In January 2026 we inaugurated our production line of bio-sourced silica in Livorno, Italy, the first of its kind in Europe. And we have more projects, with a clear potential of additional developments in La Rochelle for instance, where we will start separating heavy rare earths later this year.

So you see, we are very committed to our strategy. At the same time, we act when necessary to make sure we will emerge stronger. We carefully look at our portfolio and assess if changes are needed, but we also continue to invest in selective areas where it makes sense, to prepare for the future.

All of this while being laser focused on our financial policy: a stable to increasing dividend and an investment grade rating.

Now over to you for the financials, Alex.

Alexandre Blum, CFO

Thank you, Philippe, and good morning/good afternoon everyone.

Moving to the financials, with 2 key messages:

- First, on cash generation: in 2025 we were able to generate strong free cash flow, by rapidly adapting to the environment.
- Second message is that our balance sheet is healthy, and this fully supports the execution of our strategy.

Moving to slide 11.

As usual, I remind you that my comments are based on organic evolution, meaning at constant scope and currency, unless otherwise stated.

Underlying net sales in 2025 reached 4.3 billion euros, down 6% versus 2024. The decline was mostly driven by lower volumes, which were down 4% year-on-year, mainly in the Soda Ash and Coatis business units. Forex had a negative impact for the year, from the strengthening of the Euro against the US dollar and the Brazilian Real.

In Q4, volumes were also down, mainly driven by Coatis and the soda ash exports market, and with a slightly more pronounced seasonality in the Silica business. However, volumes in Bicarbonate, Peroxides and Special Chem remained very resilient throughout the year.

Let's now move to the EBITDA bridge on slide 12, where you see that, despite all headwinds, we have retained a healthy EBITDA margin.

Underlying EBITDA amounted to 881 million euros in 2025, down 13% compared to 2024, within our revised guidance range. The EBITDA margin remains strong, close to 21%.

Volume-and-mix was down mostly due to soda ash and the absence of a Peroxide license. This was partly compensated by the positive impact of the optimization of our portfolio of European CO2 credits.

Net pricing decreased year on year, primarily driven by the seaborne soda ash market and Coatis. Margins in the other businesses remained extremely resilient.

For Fixed costs and others, we can highlight three main moving parts:

in fixed Costs, €-23 million of negative impact from the temporary stranded costs related to the split and then 2 non-repeat elements from 2024 offsetting each other: last year we had €+20 million linked to a one-off TSA invoice in fixed costs, versus €-29 million from provision in "Others" for our Dombasle Energy project.

Moving now to look at our structural cost savings on slide 13.

As expected, our structural cost savings program continued to deliver significant results. In 2025 we achieved €101 million of gross structural savings, bringing the cumulative amount since the start of the program to €211 million and so exceeding our 2025 target. We will continue to focus on what we control and expect cumulative savings to be around €300 million by the end of 2026.

I now move to the segment review, mainly focusing on Q4 developments, and starting with Basic Chemicals on slide 14.

Sales in the Soda Ash & Derivatives business unit were lower for the quarter by 13% with soda ash volumes and pricing steady in the domestic markets but showing a continued sharp decline in the seaborne market. Bicarbonate volume and pricing on the other hand continued to be extremely resilient and are up year-on-year.

In Peroxides, our electronic grades for the semiconductor industry continued to deliver double-digit growth, supported by AI-related investments, while volumes remained broadly stable in the merchant markets.

Overall, the segment EBITDA was down by 20% in Q4, mostly due to lower volumes (including the non-repeat of a peroxide license) and lower pricing in soda ash exports. The EBITDA margin reached 25.1%, slightly lower compared to Q4 2024.

Moving now to Performance Chemicals on slide 15.

This segment has a certain degree of seasonality in Q4.

Year-on-year Silica sales were impacted by slightly lower tire volumes, while the consumer and industrial goods market remained stable.

Coatis continued to struggle, with volumes and prices down in all end-markets due to the difficult environment caused by the US tariffs and we will see if the recent changes can help the local industry to recover.

Special Chem sales on the other hand increased in Q4 with higher rare earth volumes in electronics and medical applications, which offset slightly lower demand in autocatalysis and fluorine.

Overall, the segment EBITDA was down 18% while the EBITDA margin decreased to 14%.

I will now cover the corporate segment.

In 2025, the corporate segment result was impacted by €23 million of temporary stranded costs due to the TSA exit. They will continue to impact our performance in 2026, while opex related to the ERP will impact both 2026 and 2027. As of 2028, our Target Operating Model will be fully in place, generating a new wave of savings, allowing to reach a run-rate below €50 million.

Overall, the full year 2025 EBITDA was €-40 million, including a positive impact of €40 million from the CO2 emissions rights optimization.

Moving to slide 17 to look at our free cash flow, which as you know, is at the top of our priorities.

We delivered a strong Free Cash Flow of €350 million, despite weaker EBITDA generation.

First we have limited our Capex to a level below €300 million, as guided. The €292 million includes around €240 million of “essential capex” of which €26 million for energy transition projects. The rest, roughly €50 million, was dedicated to targeted investment in new capacities including the completion of the new soda ash capacity in Green River, the doubling of the eH2O2 capacity in China and the bio-sourced silica unit in Italy. So even in a difficult year, we continued to invest to make Solvay future proof.

The other cash driver was Working Capital whose positive contribution reflects a strong discipline, the low level of activity at year-end, and the positive impact from the exit of the TSA with Syensqo in our receivables. As expected, provision cash-outs were high at €260 million for the year. They include approximately 130 million euros of “normalized” cashout for pensions, environmental liabilities and some restructuring. And on top, there was €60 million related to the Dombasle Energy project and €70 million of additional restructuring and other expenses related to the transformation we have initiated since the spin-off. As indicated, financing costs were higher in 2025, as this was the first year of full interest payments on the bonds issued in April 2024.

Let’s now move to slide 18 where I will guide you through the temporary cash impacts on free cash flow. Here we have the main elements behind our transformation expenses, and how they temporarily weigh on our cash generation.

First, the stranded costs, which mainly impact 2025 and 2026. In 2025, we stopped rendering services to Syensqo, but it will take one to two years to adjust our support functions.

Second, the costs relating to the ERP; with the split, it became a necessity to design and deploy IT systems that are adapted to our new operating model.

Third, the restructuring cashouts. They mainly relate to the exit of the TSA (partially compensated by Syensqo) and the restructuring of our fluorine business. They were the highest in 2025 and will gradually decrease starting in 2026.

To wrap up the 2025 financials, a word on net debt on slide 19.

Underlying net debt was €1.6 billion at the end of 2025, roughly stable compared to 2024. The leverage ratio remains healthy at 1.8x.

Regarding Provisions, in December 2025, we took an important step to derisk our balance sheet. We did a “lift-out”; this means that we transferred a portion of our US pension plan to an insurance company, which is now solely responsible for managing the benefits and the underlying investments. The transaction resulted in a reduction of our liabilities by €159 million, and of our assets by €155 million, hence generating a profit of approximately €3 million in Q4.

Based on the free cash flow generation, and in line with the dividend policy of the company, the Board of Directors has decided to propose to the shareholders a total gross dividend of €2.43 per share, which includes the interim dividend paid in January.

Let me leave you with a final key message: whatever the environment, our capital allocation framework drives all our decisions. Our essential capex are the priority, then we have an equally important and clear dividend policy, and then we have options to prepare for the future growth of the company. This last bucket is more variable as it will be always sized based on merit & affordability. It will be mostly through organic investments, and might be supported with inorganic opportunities if they become available, make sense and meet our rigorous criteria.

With that Philippe, back to you for the outlook.

Philippe Kehren, CEO

Moving to the outlook now.

As I said at the beginning of this call, we know that 2026 will be another challenging year but we are acting decisively to protect our competitiveness and to focus on our long-term transformation.

We don't expect the situation in our soda ash or Coatis businesses to improve rapidly.

For soda ash, the overcapacity in China is a challenge for the Chinese and the Southeast Asian markets. It also creates some pressure outside of the region, for example on the US exports.

As for Coatis, it continues to suffer from the situation generated by the introduction of the tariffs.

Our other businesses are more resilient, but we remain cautious as we currently have little visibility.

For 2026, we expect an underlying EBITDA between €770 and €850 million. This already includes negative impacts year or year of €20 million from currencies, another €40 million from the transformation expenses, and a positive contribution, similar to last year, from the sale of EUA done in January 2026.

Free cash flow to Solvay shareholders from continuing operations will exceed €200 million, and that is after covering €90 million of transformation expenses. We ask the teams to remain very disciplined with investments, and we will limit capex to under €300 million, for the foreseeable future until the environment improves.

Our strategy is solid; and we are executing it in a disciplined way. We accelerate its deployment where it makes sense and we take actions to mitigate the environment in which we have been for the last 2 years. You can count on us to relentlessly keep our focus on costs and cash.

This concludes our prepared remarks. Thank you for listening and we are happy to take your questions now.

Back to you, Geoffroy.

Geoffroy d'Oultremont, Head of Investor Relations

Thank you, Philippe and Alexandre.

Gaia, you may open the line for questions...

Questions and answers

Martin Roediger (Kepler Cheuvreux)

Yes. Thanks for taking my question. First, on your EBITDA guidance. With a high comparison base in Q1 and also adverse FX effects in Q1 and partly in Q2, should we expect a different earnings trajectory in 2026, being more back-end loaded?

And linked to your EBITDA guidance, just to clarify, you did not factor in your guidance any sale from licenses, i.e., in hydrogen peroxide, but you factored in another sale of CO2 emission rights, is that correct? And then finally, sorry to come back to the Coatis business. Philippe, you said that the Coatis business will continue to suffer in 2026. Can you provide some background information? I heard that there are some hopes that the Brazilian government could interfere and may support the Brazilian players. Is that true? Thanks.

Philippe Kehren (CEO)

Thank you, Martin, for your questions. I will start answering some of your questions and then let Alex complement.

In terms of phasing, it's difficult to say at this point, you know that the business is relatively non-seasonal, so for the baseload performance of the business you should not expect too much of a phasing. However, as we said, because the market conditions were good, we have sold the CO2 quotas already, so you might expect a little bit of this impact in Q1. So it will be a little bit front-loaded, but we also have other elements in the course of the year.

So for Coatis, and then I will let Alex complement on the other elements of the EBITDA. A lot of parts are moving, to be clear. You heard the decision from the Supreme Court on the tariffs, and typically, Coatis and Brazil have been the area which has been the most impacted by the US tariffs because it has impacted very much our customers (and you remember that we have a 50% tariff on Brazilian exports to the US). This could, of course, be a game changer if this value would change. On top of this, you are right, there are currently discussions with the Brazilian authorities to implement first a mechanism that would support the Brazilian chemical industry. And second, also some measures potentially being implemented to protect the Brazilian market from imports from China. So we are watching this very closely. We didn't put anything in our outlook regarding this, so it could be potentially an upside, but frankly speaking, for the time being, I think it's too early to say anything.

Now, Alex, if you want to say a few words on the EBITDA.

Alexandre Blum (CFO)

As Philippe explained, for EBITDA you can take it roughly equally spread during the year; you may have small variations, but it's roughly equally spread. So? your question is whether we have included license or only CO2 emissions rights sales.

If I take a step back, what justified the range of EBITDA ?

Primarily it is driven by volumes. That's one of the main uncertainties of the year. We are quite clear on the short term, but we know the situation can change.

The second uncertainty factor is the few business opportunities we are considering. And one of them obviously is licenses. We want to continue to do so, but we do it only if it's quality customers and if it generates some value. So it's part of the uncertainty factor.

The third factor of uncertainty involves margins and energy prices, the tariff impact (which is also an uncertainty factor).

On CO2 emission rights we have included only one sale. We are always monitoring our exposure to CO2 in Europe, and make sure that we are well covered until 2030. In early 2026, we saw that volumes in Soda Ash, at least in the short term, should not see a very different trend. We saw a favorable regulatory environment: we see things tend to improve, not deteriorate. And at the same time, the CO2 allowance prices at the beginning of the year in Europe are quite favorable, so we have decided to de-risk this element.

Tom Wrigglesworth (Morgan Stanley)

Thanks very much. Two questions, if I may. The first question is just trying to understand the dynamics around these CO2 emissions rights sales. Hypothetically, if volumes were to recover to peak levels very quickly by the end of the year, and you need to increase your utilization rate heavily in your European business, do you then have to go and buy these credits back from the market in order to produce those tons? And is your assumption that you'd be able to pass on that cost if required because the European market suddenly became tight? I'm just trying to think about what the sacrifice is on recovery here, that you're making as you shut down assets in Europe and then sell the associated CO2 rights. That's my first question.

My second question, if I may, is just on the soda ash contract price that's embedded in your guidance. I think CMA reported European prices down 3% year over year. Can you confirm that that's your price, broadly speaking. And, associated with that, what was the thought process behind that if you tried to support price but cut volumes? And therefore, you'd expect to take a disproportionate volume hit this year in Soda ash because you've tried to protect price. Just trying to understand the dynamics that took place in that contract. Thank you.

Philippe Kehren (CEO)

Thank you, Tom. So, first on EUAs, clearly, if ever the volumes would recover at some point later this year, we have enough quotas. Until 2030, we are covered, so there is no need to go back to the market at this point to hedge our CO2.

And more broadly, you mentioned the capacity reduction and the fact that we would lose this capacity if ever the market would recover. Well, it's very simple. The capacity we cut in Spain here is a capacity that was used to export out of Europe to the seaborne market. We consider that this capacity is not sustainable. First, because we would have to invest massively to do the energy transition in this capacity, and we would not be able to get the return on this investment on the seaborne market. And second, we have enough capacity in the US to supply the carbon market. So, this is the right move to do for the long term. Okay, so no regret, this is strategic and done on purpose.

Now, on Soda ash, obviously we will not comment on the price movements linked to the negotiations. What we can say is that Europe has been resilient, and there's a little bit of pressure on price, which is very limited. And we kept the volumes, so good resilience in Europe. The opposite is seen on the Seaborne, and in particular in Southeast Asia, where margins are at a trough, with the overcapacity in China and the pressure put by this Chinese overcapacity. So here we sign very short-term contracts because we don't want to commit at this level of prices. And we even produce a bit less, this is why we also have some EUAs to valorize in Europe, because we're not producing at full speed in order to sell in this very depressed market. In the US, it's a little bit of a mix. In the US it's strong pressure on exports, and so this puts pressure on the US production. So the situation is a little bit mixed in the US. But overall, I would say the domestic prices are relatively resilient.

Hannah Harms (BNP Paribas)

Hi, good afternoon. I just wanted to clarify on your free cash flow guidance. My understanding is obviously that includes this carbon credit sale. So what other levers do you have left, if you're looking to cover the dividend for the year, and would you have an appetite to raise leverage?

Philippe Kehren (CEO)

Thank you, Hannah, for your question. I will let probably Alex complement my answer. So indeed, the Free Cash Flow guidance includes the CO2 sales that we've done in Q1. And with this taken into account, our guidance is to generate at least €200 million of Free Cash Flow, despite, as we said, the €90 million of temporary transformation expenses. So then, what are the levers that we have? Alex, perhaps you want to explain a little bit what we plan to do.

Alexandre Blum (CFO)

I think if you really try to compare 2025 to 2026: EUAs is quite comparable, we had it last year and we had it this year, broadly the same. Capex, financing, and tax, you can also assume that more or less stable. The big difference is the fact that last year in 2025, we could activate working capital. We've optimized it, and we ended with quite a low level of working capital that has generated €170 million of working capital reduction, while in 2026 we have assumed this to be broadly stable. That's the main source of variation. Then we have all these transformation expenses, which are broadly flat or slightly higher. On the other side, we have provision cash-outs and especially Dombasle energy project that were quite high in 2025 and will be lower in 2026, but it's not the same magnitude as the working capital variation.

Geoff Haire (UBS)

Hi. Good afternoon. Thank you for the presentation. A lot of my questions have been answered, I just have one left. Obviously there's been speculation recently about changes to the European ETS scheme. If those changes that have been put in the press come to fruition. What does that mean for Solvay? Is that a positive or a negative?

Philippe Kehren (CEO)

Thank you, Geoff, for the question. It's positive, obviously. It's very positive and I think it makes sense. Because it won't change anything until 2030: except for the fact that we now know that the CBAM will not take place. So we are comforted in the strategies that we presented, which is to be covered until 2030. Now, there were, and there are still, to some extent, uncertainties as to what will happen after 2030. You know we already cut our CO2 emissions by half since 2005 when the ETS was implemented, and our commitment is to reach -30% by 2030 versus 2021. We will do it, no doubt about that. And then our other commitment is to be carbon neutral in 2050. In 2050, not in 2030, not in 2039. This is in line with the target of the EU, which is to be carbon neutral by 2050. So what we're saying is that we need to align the ETS to the 2050 target. So instead of having cliffs or disruptions in 2030, 2033, or 2039, whenever we want to align the trajectory to 2050. So, this is good news because it will allow us to finalize the energy transition and move to carbon neutrality.

Katie Richards (Barclays)

Hi. Thank you for taking my question. Yes, I just had one follow up on the ETS too. Can you just clarify what you meant regarding CBAM and the changing rules? And also, I just want to understand what exactly - if you could have your dream scenario here - would be the best case for Solvay? Would it be for pushing back the free allowances date later? Would you rather the ETS costs move to €30 to €40 like Macron is pushing for? What would be your dream scenario?

And my second question would be on the energy costs. Could you please clarify the degree of the energy cost passed through in the Soda ash contracts, and whether the current energy tailwinds would be retained in the unit margins, or could decline further due to competitive pressure?

Philippe Kehren (CEO)

My reference to CBAM was to say that there is an option to include Soda ash, and only Soda ash, in our portfolio, into the CBAM. We know that this will not take place at least before 2030, and we are currently discussing and realizing that integrating Soda ash into the CBAM would raise a lot of questions and concerns. That's why, by the way, the European Commission is also starting to say, we could envisage to continue to give free allowances, in particular for the volumes that are exported. Because obviously, if you don't give free allowances to exports, you would put those volumes under tremendous uncompetitive pressure. Now, we don't have dreams. We're talking about reasonable and efficient trajectories with the European Commission. And I would say that what would be the most efficient would be to have an extension of the ETS with a trajectory that would bring us to neutrality in 2050. Something that is much more realistic than what is envisaged today and something that will also be in line with the fact that today there is no competitive low-carbon energy available in Europe. You cannot ask consumers like us to be carbon neutral if there is no carbon neutral energy available on the market. So, it's just to have a reasonable trajectory for the ETS going forward after 2030. And I think this is something that really is resonating more and more with the European policymakers.

Now, on your question on the energy clauses that we have in the contract. Those energy clauses still exist. Because we've been through a period where energy prices went up and peaked in extremely strong movements, and so we still have those protections, but they operate when prices are extremely high.

In the current market situation, we don't expect those energy clauses to be operational and to be activated.

Tristan Lamotte (Deutsche Bank)

Hi, firstly, I'm just wondering on Q1, I'm trying to think about the underlying earnings power of the company this year, given you have some temporary impact on EBITDA in the guidance. If you strip out the exceptional impacts from the sale of CO2 credits, is the consensus for Q1 of around €205 million a reasonable base level of earnings for this year's kind of run rate? Or is it fair to say it would likely be lower than that? Given that the Q4 was €170 million. And given that you've talked about not seeing too much seasonality in the business in the past? Thanks.

Philippe Kehren (CEO)

Thank you, Tristan. Well, clearly, it's difficult to give any guidance for Q1. From a business perspective, I would say that what we see in Q1 so far is very in line with what we observed in the second semester of last year. Q4 was softer, and that's known. We know that the end of the year is always softer in some of the businesses. We also had some accruals to take. So Q4 was not representative of the business performance over the year. That being said, what you can take into account is that we have a guidance of between €770 and €850 million, and that we suppose, business-wise, there is no significant phasing over the year.

Tristan Lamotte (Deutsche Bank)

Okay, thanks. And then secondly, sorry to come back on ETS, but I'm just wondering what the size of the risk is here, in a kind of downside scenario. So I'm wondering, in the absence of free allowances, is it fair to take your Scope 1 emissions, which I think were around 6.8 million tons, and multiply that by the carbon price of €70 to come to a theoretical cost that you would bear in the absence of free allowances. Just to understand the size of that risk without free allowances as it stands.

Philippe Kehren (CEO)

No, it's not at all this number. The number you mentioned is the total emissions globally. And a big part of those emissions are not part of the ETS, right? We have emissions in the US, emissions in Brazil, and in other areas. So it's not at all this number.

And again, as we said, there is no scenario today, I think, where we would stop getting free allowances. I mean, there's no one in Europe today saying that we should stop giving free allowances. On the contrary, the momentum today - and I'm much more positive today than I would have been probably a few months ago - is to say we need to continue and even to protect even more the European industry, because what will happen is that we will shut down our industry and we will import the carbon content from outside. So it wouldn't make any sense.

James Hooper (Bernstein)

Good afternoon, both and thank you very much for taking my questions.

First question is around working capital. You did a great job on that in the fourth quarter. Can you just take us through how you managed to make such a big improvement? And then, how would you expect to maintain working capital at that level? You mentioned in the FCF question that you're looking for working capital to be flat.

And then the second question is about the footprint, because obviously, you're working on it and you have yesterday's announcement. If we stay in the current macroeconomic picture, is there further restructuring to come here after the plans you got for 2026? If you were starting Solvay again tomorrow, would the footprint look like it is? Thank you.

Philippe Kehren (CEO)

Thank you, James. I will let Alexandre answer the question on the working capital, but I will take the one on footprint. First, there is no further announcement planned for this year. We, of course, continuously optimize our industrial footprint, this is what we've done for 160+ years. And we are operating in markets where all the players are doing that and are making sure that they always have in a given market, the best possible assets. So we will continue to do that, but we don't expect any big movement in terms of footprint. Now, would we build the same footprint? Probably not. Every year, we would build it in a different way. But we have a footprint that is good and that is sustainable. And we're making sure that it's the best one in the long run as well. So that's why we have this very important discussion with the European Commission on the future of the ETS. It is to make sure that we have a footprint that will be able to operate in a fair, competitive landscape.

Alex, if you want to comment on the working capital.

Alexandre Blum (CFO)

Sure. Hello, James. On working capital, as we said, it's the combination of an internal program and the demand trend. You may remember that at the end of Q4 last year (in 2024) - it was before the tariffs - the demand was quite good until the end of the year. While this year it was quite slow. We can see that in Solvay, but we could also see that with our customers and among our peers. So this is one of the drivers. But a large part of the improvement is a program we have on inventory, receivables, and payables. As our products are quite bulky, it will be more on receivable and payable. And we've looked at all the businesses, all the items, and we've pushed it.

What it means is that if you look at our working capital on sales at the end of the year, we are in the 10+%, which is among the best in class in the chemical space. It's possible to maintain this level with the current level of activity. If the activity picks up, it will be a good problem to have, we will have to rebuild working capital proportionally and maybe give a little more safety on different elements. But for the moment, as our guidance for 2026 assumes, it remains broadly flat.

James Hooper (Bernstein)

Thanks again. Can I ask a quick follow-up? Actually, just on the market, on China. Have you seen any rationalization or any evidence of capacity changes or demand improvements there in soda ash?

Philippe Kehren (CEO)

Not yet. We know this will happen, because I don't see why in the long term, plants would run and burn cash every month, it doesn't make any sense. But at this point, we have not seen that happening yet.

What we've seen linked to the anti-involution, in particular in other businesses, is that China is now really looking very carefully at the new permits. So before getting a new permit for a new capacity, you need really to demonstrate that it makes sense and that it's not an overcapacity that we are going to generate. Not specifically on soda ash, but also on other types of businesses.

Chetan Udeshi (JP Morgan)

Hi. Thanks for taking my questions. My first question is on rare earths. It seems things have gone quiet since some excitement at some point last year. Nothing seems to have happened. Maybe it's the wrong impression, but I was just curious if you can update us on what's happening. Are you seeing more activity? Are you seeing more requests from the European Union in terms of building the capacity? Because they have been talking about building the rare earths and other critical minerals value chain in Europe.

And the second question was around this EU ETS theme. Can you remind us how much of your allowances - or how much of your emissions rather - are covered by free allowances today in Europe? Is it 100% because you're clearly not producing at full run rate? Or in other words, how much are you buying from the market every year? What I'm trying to get to is if we have, let's say, 2% lower reduction of free allowances every year, is that meaningful for Solvay in terms of benefit or is that virtually no impact because you don't buy any emissions from the market anyway.

Philippe Kehren (CEO)

Thank you, Chetan. So, on rare earths, when things are quiet, it's not necessarily bad news. What I can say is that right now, we continue to have discussions with all the stakeholders, with the buyers, because they are more and more interested to diversify their purchasing portfolio for those critical materials, and also with the policy makers both in Europe and in the US. There are currently discussions on what would be the best mechanism in order to secure the volumes and the prices in the long term. There are in particular discussions about floor prices both in the US and in Europe. I hope things will move very, very quickly now. But I can tell you that it's a bit more silent, yet quite active.

On the ETS, no, we have a deficit very clearly. We are emitting more than the free allowances. And that has been the case from the beginning, from 2005 onwards. So, what we do is we manage our emissions and we protect them with a portfolio of different instruments. We have, of course, the level of production, which is a key parameter. We have our energy transition projects roadmap. And so, the more we secure and de-risk those projects, the more clarity we have on our future emissions. We have the free allowances. We have some quotas that we have in inventory and that we purchased a long time ago. We started a long time ago. That's why the price today has nothing to do with the market price. We also have forward positions.

So we have a portfolio of things, and we reassess this position continuously. This is why sometimes we say we can sell some quotas that we have in inventory, or we can unwind some of our forward positions and so on and so forth. We manage this very, very actively. So 2% doesn't seem too much, but it is quite significant at the same time. It's an element that we take into account in order to make sure that we're covered.

Now, what is really important is what will happen when we have disruptions. This is why the post 2030 discussions are important because we know exactly what will happen until 2030. The only uncertainty is the level of production or the timing of our project in Dombasle, if it starts a few weeks later or a few weeks earlier, that can have a little bit of impact. But everything is known until 2030. What is not known is what will happen afterwards. With or without free allowances, what will be the new benchmark? This is why the discussions with the EU policymakers are important.

[Geoffroy d'Oultremont \(Head of IR\)](#)

Thank you all for your participation today. And if you have any further questions, please feel free to reach out to the Investor Relations team. We have a few events planned in March, roadshows and conferences. They are available on the financial calendar page on our website, and we will publish our first quarter earnings on the 7th of May. Thank you very much.