

Solvay first quarter 2026 results

Analysts call transcript

May 7, 2026

Geoffroy d'Oultremont, Head of Investor Relations

Good afternoon, everyone and welcome to Solvay's first quarter 2026 earnings call.

I'm Geoffroy d'Oultremont, Head of Investor Relations, and I am joined today by 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 presented in today's call are also available on our website.

Let's get started. Philippe, over to you.

Philippe Kehren, CEO

Thank you, Geoffroy, and hello everyone.

As you know safety is at the core of our operations and we continue to work hard on the different programs we have in place in the organization and they are already delivering tangible results.

A word also on our Solvay employees located in the Middle East: they are all safe, and this is our top priority. We monitor the situation on a daily basis and we are ready to act swiftly to support them if necessary.

Turning now to the results on slide 6

Our first quarter shows the resilience of Solvay, in a macro environment that continues to be challenging. Overall, the situation in the Middle East had a limited impact on our results this quarter, although there are several effects that we are actively mitigating.

The most direct impact concerns our Saudi Arabian HPPO Peroxides business, with production temporarily suspended since mid-March. We follow the situation closely and we will be ready to start up again as soon as the situation clarifies.

Then the conflict has a direct impact on our energy, raw materials and transportation costs. We are mitigating this with price increases, including the activation of pass-through clauses in our energy-intensive businesses. I will come back to this later in the call.

Finally, indirect effects may materialize from disruptions in the value chain and further pressure on demand in some end-markets. This could be partially offset by improved market conditions for the Coatis business, which, by the way, also benefits from lower tariffs between Brazil and the US.

Besides this, we haven't seen any major change in our main market dynamics. The demand environment remained overall soft and we continue to see price pressure for our soda ash seaborne activities in Southeast Asia. The Coatis business remains down year-on-year, but it is showing clear signs of improvement on a sequential basis.

Alex, over to you for the details of the Q1 results

Alexandre Blum, CFO

Thank you Philippe, and good morning/afternoon everyone.

Our financial performance in Q1 highlighted again that most of our activities are resilient, and our free cash flow in the first quarter shows that the very strong performance of Q4 2025 was not realized at the expense of 2026. All of this allows us to continue executing our strategy and transformation, while maintaining a healthy balance sheet.

Let's now move to the details. And as usual, I will comment on the organic evolution, meaning at constant scope and currency, unless otherwise stated.

Moving to slide 8.

Underlying net sales in Q1 reached close to 1.0 billion euros, 9% lower compared to the first quarter of 2025. Overall volumes proved resilient, with only limited declines in certain product lines, against a stronger comparison base. Pricing pressure was mainly concentrated in the soda ash seaborne market, and in Coatis, both of which started to soften from Q2 last year. Forex remained a headwind, as the start of the quarter saw a weaker dollar against the Euro.

Now moving to EBITDA.

Looking at the year-on-year-comparison, there are two important elements to consider: on one side a positive impact from the CO2 emissions rights sales, and on the other side a negative impact from the stranded costs.

We delivered an underlying EBITDA of 219 million euros during the first quarter, down by 10%. The EBITDA margin remained steady at a solid 21.9%. Volume and mix impact was positive, supported by the sale of CO2 emissions rights which generated 38 million euros in January. Excluding this, volume would have decreased by 17 million euros, versus a strong comparison base in Q1 2025. Net pricing decline was limited to -13 million euros with lower prices in some of our businesses being partly offset by reduction in Variable costs. These were driven by cost savings initiatives and effective energy management. On fixed costs, our ongoing cost savings initiatives at both plant and corporate levels are allowing us to absorb inflation. The negative impact shown in the bridge mainly reflects the temporary stranded costs linked to the exit from the TSA with Syensqo. The expected negative year-on-year impact for the full 2026 is mostly concentrated in the first quarter.

Moving on to the segment review, I will start with Basic Chemicals on slide 10.

Soda Ash and Derivatives sales were down 7% year-on-year.

Soda ash volumes for the quarter were overall flat, up slightly in the seaborne market, and marginally down in North America. In terms of production, we continued to shift some of the seaborne volumes from our European plants to our Green River site in North America. Combined with lower energy costs, this allowed us to reduce variable costs and partially offset the impact of lower soda ash prices.

Our bicarbonate business, on the other hand, continued to be very resilient with volumes only marginally lower in flue gas treatment applications given a slower start of the year.

Peroxides sales for the quarter decreased by 6% compared to Q1 2025.

The electronic grades business once again delivered double digit volume growth, driven by demand from the semiconductor industry. On the other hand, both volumes and pricing were slightly down in the merchant market, as well as in our HPPO and intermediates businesses compared to a high 2025 base.

The segment EBITDA was down 17%, reflecting primarily the impact of lower soda ash pricing especially in the seaborne market, but also a slight negative mix across the two Business Units.

Moving on to Performance Chemicals on slide 11

Silica sales declined by 7%, reflecting lower tire volumes compared to a stronger Q1 of last year, which had benefited from some customer restocking.

In the Coatis business, sales were down 16% compared to Q1 2025, which was the last quarter before the announcement of U.S. tariffs on Brazil.

Although still at low levels, business performance has improved sequentially each month so far this year. The improvement has been supported first by the reduction in U.S. tariffs and by reduced pressure from China following Middle East-related supply disruptions.

Finally, in our Special Chem business, sales declined by 11%. This is mainly due to lower volumes of electronics rare earth which also benefited from pre-buying and restocking in the first quarter of last year. Although they remain marginal, we have started seeing the first contributions from volumes for permanent magnet applications.

The overall segment EBITDA was down 8%, with lower Net pricing in Coatis as the primary driver.

Before we move to free cash flow, a quick word on the corporate segment EBITDA, as it delivered a positive contribution of €6 million in Q1 2026. As explained earlier, this is due to the €38 million gain from the further optimization of our portfolio of European CO2 emission rights, which more than offset the higher temporary stranded costs.

Turning now to the Free Cash Flow on slide 12, I am pleased to highlight our resilient cash generation. Even with a particularly strong cash performance in 2025 in general and in Q4 in particular, we continue to deliver positive free cash flow quarter after quarter.

Our Capex spending remained very disciplined in Q1, with investments directed mostly toward essential Capex covering HSE, maintenance, and ongoing energy transition projects.

Working capital saw a negative variation, broadly in line with the usual Q1 seasonality, despite a record-low working capital position at year-end.

As we had announced, provision cash out is progressively reducing but is still above our normalized level, due to transformation restructuring projects. This is mainly linked to the TSA exit, to the fluorine business footprint optimization, and to some remaining cash-outs for the Dombasle energy transition project.

Moving on to the net debt bridge on slide 13:

Underlying net debt increased by a limited 0.1 billion euro in Q1 mainly from the interim dividend payment in January. Our leverage ratio remains very healthy at 2.

As you know, maintaining a healthy balance sheet and preserving our investment-grade rating is a cornerstone of Solvay's financial policy.

In conclusion, our financial results prove that despite the pressure from external factors, Solvay has the ability to continue generating solid free cash flows quarter after quarter

Philippe, back to you for an update on Solvay's energy management and the 2026 outlook.

Philippe Kehren, CEO

Thank you Alex.

I will now share how we manage our energy exposure at Solvay.

We have a relatively sizeable energy footprint, and Europe is a large part of it. But we have a strong and highly experienced energy team, with a clear mandate focusing on optimizing energy costs and delivering on our energy transition objectives. So, even in the context of rising energy prices, we do not expect to see a material impact on our bottom line.

As we walk you through the figures, there are two key takeaways:

- First, our energy transition roadmap is successfully driving the decline of our exposure to fossil fuels year after year.
- Second, we have contractual arrangements in most of our energy-intensive businesses, allowing us to limit the impact of energy cost fluctuations. And this disciplined approach also applies to our raw materials.

Solvay's energy consumption, as disclosed in our annual report, amounts to around 18 TWh per year. This represents a total spend of just over 500 million euros.

Over the past two years, our total energy costs have been reduced by approximately 30%, benefiting from the lower energy prices in Europe.

At the same time, we have been structurally reducing our overall exposure to fossil fuels, which are by definition more volatile, as recent events have once again shown. We already shared our coal phase-out initiatives, notably in Green River, where coal has been replaced by locally sourced natural gas, and in Rheinberg, where it has been replaced by recycled biomass. Together, these projects have allowed for a one-third reduction in our coal consumption.

Let me also illustrate this transition from fossil fuels with a very recent example. Two months ago, our new electric furnace in Collonges, France, started to produce silicate using electricity which, in France, is both competitive and low-carbon. This replaces the fuel-based furnace and allows to almost entirely eliminate the Group's remaining oil exposure (which was already below 1% of the Group consumption).

Overall, these efforts are clearly reflected in the evolution of our energy consumption: over the past two years, our fossil fuel consumption has declined by 10% in volume, while biomass consumption has increased by 60% (and up +150% compared to four years ago).

Moving to slide 16.

18 of our 43 production sites are located in Europe, including some of our highly energy-intensive activities such as synthetic soda ash. As a result, Europe accounts for two thirds of the total energy spend of Solvay today.

This is the only region where we still use coal, which was historically the main source of energy for our soda ash plants. In 2025, coal and coal products still represent half of the energy spend, while natural gas exposure in Europe is more limited. Both will decline in the coming years as we move away from fossil fuel towards renewable alternatives.

So, as I have shared with you, we act and take our energy transition as an opportunity to be more competitive and independent from the short-term fluctuations on the global energy markets.

Moving on to slide 17, where we illustrate our proactive approach to manage risks related to energy and raw materials costs.

Being an energy intensive company, Solvay has built core competencies in the energy domain together with a robust risk mitigation model:

First, we act strategically to structurally reduce our exposure to the most volatile feedstocks.

On the energy side, this is driven by our energy transition out of fossils fuels, which I have just illustrated. On raw materials, our exposure to oil- and gas-derived feedstocks is largely concentrated in one single business, Coatis. Additionally, we benefit from a high degree of vertical integration across many of our activities, which significantly reduces our external exposure to raw materials fluctuations.

Second, the remaining exposure is primarily managed through commercial pass-through mechanisms. Since 2022, energy clauses and protection mechanisms cover the majority of the Group sales.

Finally, for the residual energy exposure that cannot be passed through contractually, we make limited and targeted use of financial hedging.

Taken together, these mechanisms significantly reduce Solvay's exposure to energy and raw material price volatility, effectively limiting the impact on our bottom line.

Moving to the outlook now.

While the conflict in the Middle East is adding another layer of challenges and volatility, our guidance for the year 2026 remains unchanged:

underlying EBITDA between €770 and €850 million.

Free cash flow to Solvay shareholders from continuing operations to exceed €200 million, with capex under €300 million

So, in conclusion:

Our Essential Chemistry strategy is more relevant than ever in the current environment and we can see our efforts to transform the company are paying off.

For example, our energy transition projects, especially in Europe, allow us to disconnect from volatility in the market by using alternative energy sources.

Our local-to-local model proves very relevant as well. We remain close to customers and use local raw materials where possible.

We remain fully committed to our strategy and are confident it will allow us to continue to navigate external uncertainty and build a stronger, even more resilient Solvay for the future. Next to that, we continue to protect our financial strength with a clear focus on cash generation.

Thank you for listening. And now, we are happy to take your questions.

[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)

Thanks for taking my two questions. Firstly, on the demand situation, many other chemical companies mentioned that their business in March was clearly better than January and February. I hope that it's the same also for you. Please confirm that. And looking at the business in the last five weeks, i.e. April and the beginning of May, and also factoring in what you see in your order book for the upcoming weeks to come, do you have the impression that current demand right now stays on the same level as in March? That's my first question.

Second question is on the seaborne market for soda ash. Most of the Chinese producers use either the Hou process or the Solvay process to produce soda ash, which is a very energy intensive process. Now energy availability and energy costs become a topic in China. Do you see that A, competition is easing in the seaborne market since the start of the Middle East conflict? And B, do you see that pricing is sequentially improving in that region? Thank you.

Philippe Kehren (CEO)

Thank you very much, Martin, for your questions. And I would first ask Alex to make an update on the situation of March and April regarding the demand on the different businesses. And then I will probably take the question after that.

Alexandre Blum (CFO)

Hello, Martin. Yes, indeed. We have seen that January, February were quite soft and then we have seen some improvement. That's true in Basic Chemicals. I've mentioned the merchant market and the bicarbonate market. And since March and April and continuing in Q2, we see some improvement. Looking at the order book, yes, it is solid. We have not seen a complete change of pattern. So, it's solid, much better than the beginning of the year, but well in line with what we were expecting.

Philippe Kehren (CEO)

Thank you. So, regarding your question on soda ash, but first disclaimer, the Chinese producers using the Hou and Solvay process, according to our estimations, were already cash negative before the conflict (in the Middle East). So, the conflict makes it even worse and probably even more unsustainable. Okay, what we see today: two things I would say. First, we see a stabilisation (and potentially a slight recovery, even though it's not really obvious today if you look at volumes and prices in China and in Southeast Asia) but certainly at least a stabilisation. Then there second element that I think is very important is that there is a big plant in the US, SVM that has shut down. And this will create a decrease in production. So, all in all, we expect indeed the situation to at worst stabilise, at best, improve.

Tom Wrigglesworth (Morgan Stanley)

Hi there. Thanks very much for the opportunity to ask questions on the presentation. And just two questions on the energy exposure slides that you've put up. Firstly, can you help me understand what the implications are behind this for CO2 credits? If you're reducing your fossil fuels consumption by, let's say, the 7% divided by two, let's call it 3% to 4% a year. Does that mean that in coming years, you'll have more surplus CO2 credits to sell back to the market? And secondly, kind of related of that energy saving the total energy spend down 29%, has 100% of that been passed back to customers? That's my energy exposure question.

Second question, kind of following up on Martin around Q2. So your underlying EBITDA in Q1, if I strip out the litigation and the CO2 sale, was 174. Can we see a stronger than seasonality pick up based on the comments you've just made? Or should we just assume a modest Q2 improvement more in the lines of kind of €10 to €15 million quarter-on-quarter? Thank you.

Philippe Kehren (CEO)

Thank you, Tom, for your question. I will let Alex take the last one. For the first one, CO2 credit surplus, as we explained, I think already last time, what we're doing is we have a portfolio of different instruments that allow us to balance and manage our CO2 exposure. And this portfolio comprises three parts: CO2 that we have in inventories and purchased in the past, forward purchases and of course, the energy transition projects. Everything that we explain today is part of our analysis and assessment of the portfolio. So I would say this is already somehow included.

Of course, the more we execute the projects, the more we de-risk our trajectory. And so, that allows us to indeed optimise the portfolio and valorise some of the CO2 instruments that we have in inventory and so on. This is what we did this year. We will reassess continuously the portfolio. We don't expect to have a major adjustment to make this year at this point.

Do we transfer the savings to the customers? I would say this is a general question that concerns energy savings as well as all the savings that we are generating. Of course, the tighter the markets are, the more we keep in terms of savings. So very clearly in the current situation, in particular market, we are giving a part of these savings to the customers, but that also reinforces our competitiveness. This is the way it works. On the last question, Alex, if you can take it.

Alexandre Blum (CFO)

Sure. Thank you. In fact, generally, we don't give guidance by quarter. And I think in the current environment, which is, as you know, extremely volatile, we have even more reason not to do so, but we are looking at the full year and given everything we know, we have reconfirmed our full year guidance for EBITDA and free cash flow. What you have to keep in mind is there are certain elements which will progressively play more positively in the second part of the year, especially as we mentioned, Coatis which was really down for the past few quarters, is seeing some improvement. And that will continue progressively throughout the year. And obviously, the stranded cost, we are progressively reducing these as discussed, and quarter after quarter, we see some improvement.

Katie Richards (Barclays)

Hi. Good afternoon. Yes, I had some questions on the energy passthrough clauses which you have spoken about. And thank you for the information on the slides. It's very useful. I'm just a bit confused because some of your peers have reported that they're seeing little to no price increases in Europe for soda ash, despite the higher cost energy environment that we're seeing. And I guess the speculation that they were making was that this is potentially due to the fact that some players in Europe have decarbonised. And now that the plants are running on biomass or waste, rather than coal or gas or maybe as a result of hedging. So I guess my question is for the plants, which are now 100% biomass based, like Rheinberg, can you clarify how the pricing mechanism actually works here and whether it differs from the usual price mechanism that has existed historically? And if you could specify as well what the threshold to pass through this surcharge is in Europe, please?

Philippe Kehren (CEO)

So, we have in all of our contracts those energy clauses. And this is the case since 2021, 2022 when we had this big price surge in Europe. Indeed, we have thresholds that are, let's say, around €50 per megawatt hour of natural gas price. That's more or less the way it works. This is in place everywhere in our contracts.

[Katie Richards \(Barclays\)](#)

Okay. Thank you. And just one other admin question. For Q1, were you affected by the power supply outage and the weather disruption that some of the peers in Wyoming reported in the last quarter?

[Philippe Kehren \(CEO\)](#)

No, we have not been significantly impacted.

[Hannah Harms \(BNP Paribas\)](#)

Good afternoon. I just wanted to confirm that the improved March wasn't a reflection of any pre-buy. And then secondly, on the Peroxides run rate for the year, should we be looking at the revenues you had in Q1 as kind of the sequential run rate, besides obviously the possibility of a license coming in H2 2026, if that's still the case? Thank you.

[Philippe Kehren \(CEO\)](#)

Yeah. So, for Peroxides, I think Q1 was, as Alex said earlier on, was a little bit softer than expected, in particular on the merchant market. And we have no license in Q1. We expect indeed to have this opportunity in the next couple of quarters or two or three quarters. Did we see any pre-buy? Difficult to say at this point. I don't think we've seen specifically any pre-buying in March.

[Alexandre Blum \(CFO\)](#)

It was more the phasing: January, February a little bit soft and things picking up and continuing in Q2, but we don't see pre-buying.

[Julia Winckelmann \(Bank of America\)](#)

Hi. Thanks for taking my question. I have a follow up on Peroxides. You said that 2025 seemed like it was exceptionally strong. Could you give more colour on the current trends, particularly in the HPPO and intermediaries business and whether the softness there is cyclical or is it more structural? And then also on HPPO specifically, how should we think about the downside risks to the take or pay contracts? Is there like a floor price that customers pay or how does it work?

And then my second question is on the energy transition projects, the €17 million cash out at Dombasle in Q1. Can you provide a bit more detail on what's driving these continued cash outflows and whether there is more to come from this particular project? And then for the next project, which was supposed to be the one in Spain, what's the financing structure there and is it already finalised, and is there a similar risk on higher costs like similar to what we've seen in Dombasle? Thank you.

[Philippe Kehren \(CEO\)](#)

Okay. So, on the HPPO, I would say what we see today is a relatively stable business, except of course, for our plant in Saudi Arabia, which is, as we said, currently stopped. What we can say is that this plant in Saudi Arabia, which is one of the three mega plants we have in our industrial chemical platform business, is in a big platform, right? We're talking about a platform operated by Sadara, which is a JV between Aramco and Dow Chemicals. It represents \$20 billion of assets. We are inside this platform operating as a JV with Sadara (50/50), a hydrogen peroxide plant, which is currently shut down. We don't expect this plant to

restart before Q3. This has been taken into account when we reconfirmed our guidance. So, it's within our guidance.

On the energy projects, Dombasle Energy is a project that we are right now completing. We will still have some cash outs this year and part of next year. Everything has been provisioned. And so, you will see gradually the cash outs coming. I remind you that this is a very specific project because we are doing the engineering, and this is why you see the provisions and the cash out that way. For Spain, it's completely different. We're not doing the engineering, so you won't have this type of impact and mechanisms. Alex, do you want to complement?

Alexandre Blum (CFO)

I think the technology is also simpler than what is done in France.

James Hooper (Bernstein)

Hi. Good afternoon. Thank you for taking the questions. I've got two, please. First is on the digital transformation. I saw recently that you've extended your agreement with IMI. Is this more of a continuation of the existing strategy or is this an extension? Have you got more to go in terms of savings digitalisation beyond the plant?

And then secondly, is an update on the European carbon proposals we've seen in the press recently. There's potential for increases in free allowances perhaps. I don't know if you could please give us an update on what you're seeing and what your preferred options would be in terms of European carbon prices. Thank you.

Philippe Kehren (CEO)

Thank you. On digitalisation, we continue to run our program at this point. And the plan is really to roll out and implement as many IoT sensors as possible in our plants. We are today at 5,000. And I think at the end of this year, we will be at 9,000. So we are roughly halfway. And what we see is that really it delivers the savings, and even more than I think what we expected, both in terms of fixed costs, predictive maintenance in particular. And variable costs, consumption of energy and raw materials. We continue with the same dedication and ambition.

On the ETS, 2026 is an important year because it's the year where we will start working on the post-2030. And this is very important because it's quite amazing to think that we still don't know what will happen after 2030. And it's very important because what we need is to align the trajectory with the ambition that we have and the ambition that we have at Solvay, at a lot of different companies as well, and at the European level is to be carbon neutral in 2050, not in 2039 or before. And today the ETS is designed such as: there are no more free quotas in 2039. So what we're currently doing is to work with the European Commission to align this trajectory with the real objectives and also with the realistic trajectory that we can achieve. Basically, keep the ambition, but redesign the trajectory so that we avoid having big disruptions or step changes in terms of free allowances.

Sebastian Bray (Berenberg)

Hello. Good afternoon and thank you for taking my question. Can I focus on Coatis? How good is it going to be in Q2, Q3? Because the commodity chemicals pricing in Brazil is sometimes a little difficult to track. But if you look at what the business has done in April and the type of shortage economics that apply, could Q2 be a record quarter for the business? That's my first question. I'll pause there.

Alexandre Blum (CFO)

So again, Coatis is a GBU which is more closer to commodity type and which typically behaves better when the international index for this kind of products such as benzine and oil derivatives are higher. It's closer to a spread business. So it's not necessarily the index in Brazil, but the general global index that is higher. Mechanically it's better. It's the combination of that, plus the fact that some of our Brazilian customers had difficulties to sell to the US because of the 50% tariff that were put in place last year. So, there is a demand coming back and finally Chinese pressure lowering.

The positive impact and the positive momentum will come progressively. It will allow us to get back closer to the mid cycle. We had some records a few years ago. I don't know yet if we will get back there, but it's more going from below, really being at the trough. It was a business which is always generating enough cash, which is not going into cash burn mode, but we were really at a trough. We are getting back to mid cycle progressively and we will see H2 being stronger than Q2.

Sebastian Bray (Berenberg)

That's helpful. And my second one is on Special Chem. Two parts here. The first is the settlement that was granted as a result of the litigation in autocatalysts. I think this litigation had been going on for a decade. Is there any more to come? Because a ten-year legal case for a €7 million payout, it's not huge. But I appreciate these things sometimes happen. And separately, the segment had a bit of a softer quarter, as you said, because of the strong comparables. But electronics markets globally are booming. Why would the segment's electronics not do well for the next two- or three-years exposure wise?

Philippe Kehren (CEO)

Very clearly. Yes, I mean, I agree we should see a good performance of this market. And this is what we expect. Now, that being said, it's not, of course, a major impact for the group. Let's face it. Alex, you want to comment further?

Alexandre Blum (CFO)

On the litigation. Indeed, this is the last part that we've settled everything that was part of the final settlement with this company on all the IP issues.

Chetan Udeshi (JP Morgan)

Hi. Thanks for taking my questions. The first question was, apologies for being direct here, but Alex, I heard you talk about resilient volumes. And I'm sorry, your volumes are down 15%, 16% versus 2019 levels. I mean, I don't know how you can call these resilient. I mean, if I look at your EBITDA, it's probably down like 30% from that same point. So I'm just curious what makes you think this is a resilient performance? Especially when you strip out the one-off CO2 sale and litigation costs.

The second question is just on your rare earths business. There is a huge M&A activity that is happening in the rare earth ecosystem, especially in the US. And I'm a bit puzzled how Solvay is not seeing some of that come through. Maybe your positioning in the rare earth supply chain is no longer as strategic as it used to be, because you probably haven't invested in that business for many years. Why is it that you're - not your customers, but all of these ecosystem companies who are building these big mines for the future are not approaching Solvay to essentially sign up that supply for separation of this business? I would have thought by now people should be knocking at your doors quite aggressively.

Philippe Kehren (CEO)

All right, so shall we start with your challenge on our resilience? Thank you very much, by the way, Chetan, for those challenges. These are extremely good questions. And then I will take the one on rare earth. But I

think, if you look at the cash that we've generated over the past years, that makes us think that indeed we have a resilient business.

Alexandre Blum (CFO)

Again, what we've said is we don't want to fight at any price on all volumes. And typically, a large part of the decline you've seen is concentrated on seaborne. The fact that we are selling CO2 is also an arbitrage we are doing instead of selling at a zero margin or even maybe at a loss. We'd rather monetise the CO2 credits we had foreseen. It's something we have purchased in the past, and we monetise this. You will see a large part of the drop in volume is there. It's also a little bit in Coatis, for the reasons we have explained. If you look at the rest of the business, it's been rather resilient. And of course, as Philippe mentioned, it's also our ability to adjust CapEx.

Philippe Kehren (CEO)

Yes, I agree. Very clearly, look at the cash that we generate in Q1. And Q1, we know that it's traditionally a low quarter in terms of cash. I'm not sure that you have a lot of companies that are positive in free cash flow in Q1. And this also shows that we have not taken any specific measures at the end of last year to make it better in 2025. So we're really resilient in that way. We are delivering cash quarter after quarter in a very consistent way wherever the market is.

Now on rare earth, thank you very much for the challenge. Don't worry, we're working on it. We, have started production of NdPr last year. We have started production of Samarium, Yttrium and Gadolinium. We will start in the coming weeks production of DyTb. It will be the first time ever in Europe that someone is producing DyTb. So, we are not inactive. We are doing things that have never been done outside of China in the past. And it's not because we're not communicating permanently on this (maybe as opposed to others), that we are not acting. We are constantly reviewing our portfolio and ensuring alignment with our long-term strategy and capital allocation priorities all the time. Thank you.

Chetan Udeshi (JP Morgan)

Can I follow up on just second quarter? I know you don't want to give guidance specifically, but I was just trying to do some math. I mean, if I take your Q1, if I strip out all of the one-offs, you are probably at like €180 million run rate in Q1. If I just assume €180 per quarter for the remainder of the year, you just get to something like €760, which is pretty much the low end of your guidance. I'm just curious to get to the midpoint, what are you assuming? I mean, should the next couple of quarters be better than €180 because of seasonality and some other factors? Or how are you thinking about that phasing by quarter basically?

Philippe Kehren (CEO)

As Alex said, of course, Q2 is difficult to say. We know that the net impact of the Middle East conflict is probably slightly negative, even with the positive impact on Coatis. But it's very difficult to give exactly a number. What we know, however, is that H2 should be better than H1 for different reasons. First, our stranded costs will decrease quarter after quarter. They will be lower in H2 versus H1. And then we are also working on a certain number of business opportunities as usual, and in particular a Peroxides license, which should land probably somewhere in H2. So, that's why we reconfirm the guidance exactly as it was issued at the beginning of the year.

Katie Richards (Barclays)

Hi. Thank you. Just a few follow ups. Firstly, on the rare earths comment you just made there, do you think that the reason you're not getting some funding is actually due to your positioning in the value chain, in the

sense that Solvay is more in the purification end, if I understand correctly, rather than the mining, the extraction itself? And I just wanted to check that assuming about a €10 million EBITDA annualised for the Peroxides JV would be sensible for the year.

Philippe Kehren (CEO)

Okay, so I will let Alex comment on the Peroxides question. For rare earth, very clearly, we are supported. Very clearly today we have the support of the French government to invest in our capacity expansion in France. And by the way, the separation step is probably the one that is the most difficult to achieve and where you have really a strong differentiation in terms of process and technological know-how.

So, now what matters. What is today the limiting factor I would say is the development of the whole value chain, right? It's not our step in particular. It's that from mining to the electric motor, you need to have a consistent valorisation to make all those projects happen. This is what we're doing when we talk to both the European and the American policy makers, and the Japanese, by the way, as well. They are all working in order to create the right profitability for the whole value chain in order to have those investments.

Alexandre Blum (CFO)

Just to add also on rare earth, it's not the funding which is a problem. It's really the operating model. We don't want to invest ahead of demand without having certain form of certainty on the output. And as I said today, we have a few customers, small ones. This is why it's not moving the needle in our Q1 results. But there is a little bit of contribution also because we want to demonstrate our capability to produce these categories of rare earths, that we are the only ones, but we will not invest before we have a certain form of certainty.

Getting back to the Peroxides JV. Again, sorry, but we cannot comment. You first have to understand that the situation is extremely complex to manage. Philippe described how this is the biggest chemical complex in the world. And we are just a small piece of that. So, the only thing we can say is that in our guidance, we reconfirm the full year guidance, assuming the overall platform will remain shut down in Q2.

Geoffroy d'Oultremont (Head of IR)

Thank you. And thank you all for your participation today. If you have any questions, please feel free to reach out to the IR team. And there are a few roadshows and conferences that are planned later in May and June. As always, you can find them on the financial calendar page on our website, and our Q2 earnings will be published on July the 29th. Thank you very much.