S&P Global Ratings

RatingsDirect®

Tear Sheet:

Solvay S.A.

June 12, 2026

Primary Contact

Oliver Kroemker
Frankfurt
49-693-399-9160
oliver.kroemker
@spglobal.com

Secondary Contact

Renato Panichi
Milan
39-0272111215
renato.panichi
@spglobal.com

This report does not constitute a rating action.

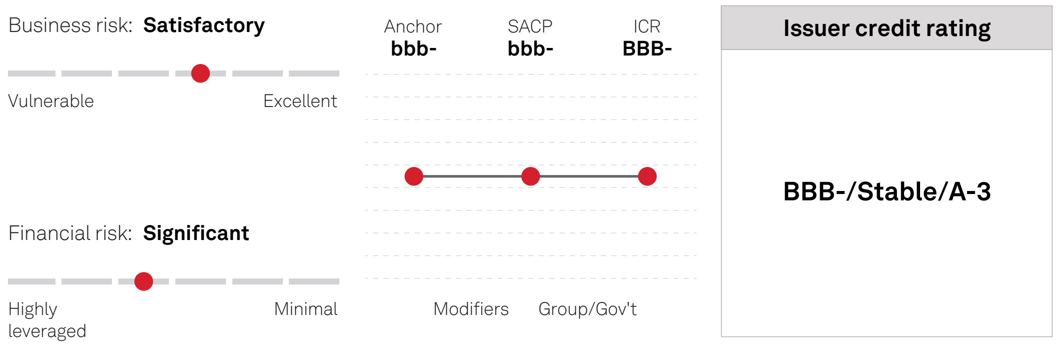
Solvay's overall sales are forecast to deteriorate by 3%-4% in 2026, while S&P Global Ratings-adjusted EBITDA is predicted to decline to €680 million-€720 million. Both will be hit by lower pricing, particularly in the soda ash business, combined with a slight contraction in volumes due to difficult market conditions. Solvay's net sales declined by 11% in the first quarter of 2026, due to lower volumes in merchant peroxides, silica, and rare earths, partly offset by strong growth in electronics-grade peroxide. In addition, prices dropped significantly, mainly in the oversupplied soda ash seaborne business, which saw weaker demand and more competitive pressure. Consequently, underlying EBITDA declined organically by about 10.1%, to €219 million, during the first quarter of 2026. At the same time, margins declined slightly, to 21.9%, from 22.3% in the same quarter of the previous year.

We expect costs to increase because of rising inflation and the end of the group's transition services agreement (TSA) with Syensqo, partly offset by structural cost savings. Of the €300 million in total cumulative structural cost savings that Solvay had targeted for the end of 2026, it has already achieved €233 million, including €22 million in the first quarter of 2026. We anticipate that the Middle East war will have a limited direct impact on Solvay, given its low exposure to the region. That said, it could have a material indirect effect because of weakened business and consumer sentiments. Solvay's Coatis business, which operates in the polyamide chain and solvents, is benefitting from reduced U.S. tariff pressure on Brazilian exports and lower import volumes from China. The latter have been affected by Middle East-driven supply chain and feedstock disruptions at peers.

While we expect rating headroom to reduce in 2026, it is forecast to improve in 2027. Because EBITDA is likely to decline in 2026, adjusted funds from operations (FFO) to debt are projected to be 21%-24%, down from 26.3% in 2025. Furthermore, we estimate that free operating cash flow (FOCF) will fall to €200 million-€230 million in 2026. With dividends expected to be €260 million-€270 million, we anticipate that Solvay will have negative discretionary cash flow (DCF) this year, which will reduce its rating headroom. Nevertheless, we anticipate a swift recovery in Solvay's credit metrics in 2027, supported by the forecast improvement in adjusted EBITDA as market conditions stabilize and demand recovers. Consequently, we forecast that adjusted FFO to debt will improve to 24%-27%, which we view as comfortable for the rating level. We estimate that FOCF will rise to €280 million-€330 million and, therefore, that DCF will be positive in 2027.

In our view, Solvay's financial policy is supportive, despite the negative DCF and drop in FFO to debt forecast for 2026. Both are expected to improve during 2027 and Solvay's financial policy offers some flexibility in terms of capital expenditure (capex). It also reflects management's strong commitment to maintaining an investment-grade rating.

Ratings Score Snapshot



ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Recent Research

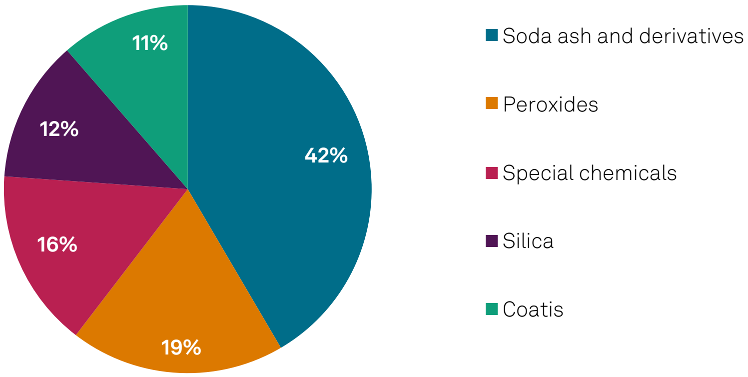
- European Chemicals: Hormuz Reopening Could Offset Fading Middle East Tailwinds, June 10, 2026
- The Middle East War Is Increasing Strains On European Chemicals, March 9, 2026
- Industry Credit Outlook 2026: Chemicals, Jan. 14, 2026

Company Description

Solvay, a global chemicals company, focuses on commodity products. It has leadership positions in the production of soda ash, bicarbonate, peroxides, silica, rare earth minerals for auto catalysts, and solvents. Solvay is present in North and Latin America, Europe, and Asia and operates about 43 manufacturing plants. In 2025, the company generated underlying EBITDA of €881 million and sales of about €4.3 billion, including noncore activities (compared with €4.7 billion in 2024). Its exposure to global markets is well balanced: Europe accounted for 37% of 2025 sales, Asia and rest of the world 27%, North America 22%, and Latin America 14%.

Solvay S.A. depends on sales of soda ash and its derivatives

Sales by segment (2025)



Source: S&P Global Ratings, Solvay's 2025 annual report.

Outlook

The stable outlook reflects our expectation that Solvay's adjusted FFO-to-debt ratio will remain commensurate with the 'BBB-' rating, despite weak market conditions in 2026. This supports our view that the debt structure following the spin-off provides Solvay with enough headroom to absorb a degree of business deterioration or some bolt-on debt-funded acquisitions. We forecast that adjusted FFO to debt will be 21%-24% in 2026 and will recover to 24%-27% in 2027.

Downside scenario

We could lower the rating if the adjusted FFO-to-debt ratio approached 20% for a sustained period. This would most likely happen if Solvay suffered a significant business deterioration or encountered operational setbacks after the spin-off, or if it made unexpected debt-funded acquisitions. If DCF to debt turned negative, it would likely also put the rating under pressure.

Upside scenario

An upgrade would depend on adjusted FFO to debt remaining consistently and comfortably above 30%, and management committing to maintaining it at that level. A stricter financial policy, including the policy on dividend distribution, that ensured adjusted DCF to debt was more in line with the intermediate financial risk profile (10%), could also lead to rating upside.

Key Metrics

Solvay S.A.--Forecast summary

Period ending	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. EUR)	2024a	2025a	2026e	2027f	2028f
EBITDA	932	735	680-720	750-800	800-850
EBITDA margin (%)	20.5	17.8	17.5-18.0	18.5-19.0	19.0-20.0

Adjusted ratios					
Debt/EBITDA (x)	2.4	3.1	3.3-3.5	3.0-3.2	2.8-3.0
FFO/debt (%)	34.6	26.3	21-24	24-27	25-28
FOCF/debt (%)	16.3	17.5	7-10	11-14	11-14
DCF/debt (%)	3.8	5.4	(3)-0	1-3	1-3

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. EUR--euro

Financial Summary

Solvay S.A.--Financial Summary

Period ending	**Dec-31-2020**	**Dec-31-2021**	**Dec-31-2022**	**Dec-31-2023**	**Dec-31-2024**	**Dec-31-2025**
Reporting period	2020a	2021a	2022a	2023a	2024a	2025a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	8,965	10,105	13,426	4,880	4,540	4,123
EBITDA	1,716	1,888	2,692	1,166	932	735
Funds from operations (FFO)	1,471	1,515	2,284	982	766	592
Interest expense	187	166	173	105	130	120
Cash interest paid	149	141	103	38	57	88
Operating cash flow (OCF)	1,088	1,364	1,905	766	646	614
Capital expenditure	502	636	909	450	285	220
Free operating cash flow (FOCF)	586	728	996	316	361	394
Discretionary cash flow (DCF)	(425)	267	538	(1,512)	84	121
Cash and short-term investments	1,002	941	975	634	543	545
Gross available cash	1,121	1,011	975	634	543	545
Debt	4,958	4,325	3,798	2,190	2,217	2,249
Common equity	6,404	7,952	9,765	1,306	1,404	1,082
Adjusted ratios						
EBITDA margin (%)	19.1	18.7	20.1	23.9	20.5	17.8
Return on capital (%)	5.6	8.6	14.8	9.2	16.8	6.6
EBITDA interest coverage (x)	9.2	11.4	15.6	11.1	7.2	6.1
FFO cash interest coverage (x)	10.9	11.8	23.2	26.8	14.4	7.7
Debt/EBITDA (x)	2.9	2.3	1.4	1.9	2.4	3.1
FFO/debt (%)	29.7	35.0	60.1	44.8	34.6	26.3
OCF/debt (%)	21.9	31.5	50.2	35.0	29.1	27.3
FOCF/debt (%)	11.8	16.8	26.2	14.4	16.3	17.5
DCF/debt (%)	(8.6)	6.2	14.2	(69.0)	3.8	5.4

Peer Comparison

Solvay S.A.--Peer Comparisons

	Solvay S.A.	**Evonik Industries**	**Arkema S.A.**	**Akzo Nobel N.V.**

Solvay S.A.--Peer Comparisons

Foreign currency issuer credit rating	BBB-/Stable/A-3	BBB+/Stable/A-2	BBB+/Stable/A-2	BBB/Negative/A-2
Local currency issuer credit rating	BBB-/Stable/A-3	BBB+/Stable/A-2	BBB+/Stable/A-2	BBB/Negative/A-2
Period	Annual	Annual	Annual	Annual
Period ending	2025-12-31	2025-12-31	2025-12-31	2025-12-31
Mil.	EUR	EUR	EUR	EUR
Revenue	4,123	14,069	9,068	10,158
EBITDA	735	1,837	1,168	1,311
Funds from operations (FFO)	592	1,608	1,019	881
Interest	120	168	106	178
Cash interest paid	88	109	42	162
Operating cash flow (OCF)	614	1,372	979	980
Capital expenditure	220	735	630	309
Free operating cash flow (FOCF)	394	637	349	671
Discretionary cash flow (DCF)	121	76	28	289
Cash and short-term investments	545	619	2,188	1,911
Gross available cash	545	619	2,188	1,911
Debt	2,249	3,774	3,051	2,985
Equity	1,082	8,426	6,632	4,822
EBITDA margin (%)	17.8	13.1	12.9	12.9
Return on capital (%)	6.6	6.7	3.1	11.4
EBITDA interest coverage (x)	6.1	10.9	11.0	7.4
FFO cash interest coverage (x)	7.7	15.7	25.3	6.4
Debt/EBITDA (x)	3.1	2.1	2.6	2.3
FFO/debt (%)	26.3	42.6	33.4	29.5
OCF/debt (%)	27.3	36.3	32.1	32.8
FOCF/debt (%)	17.5	16.9	11.4	22.5
DCF/debt (%)	5.4	2.0	0.9	9.7

Environmental, Social, And Governance

Environmental factors have an overall negative influence in our analysis of Solvay's creditworthiness since the partial demerger, in line with most commodity chemical companies we rate. Soda ash comprises 42% of the company's sales and we consider the manufacture of this to be highly energy-intensive business, with sizable carbon dioxide emissions. The company targets a 30% reduction in its absolute scope 1 and 2 carbon emissions by 2030 (and had already achieved 29% at the end of 2025), from a base year of 2018. It also aims for carbon neutrality in its operations by 2050. Producing 1 ton of synthetic dense soda ash in 2018 resulted in scope 1 and 2 carbon dioxide emissions of about 1.1 tons in 2018. To reach its goals, Solvay will rely on phasing out coal in the medium term, in favor of natural gas and biomass, and a shift toward decarbonized energy. We understand that the company has dedicated 10%-15% of its capex over 2024-2026 to sustainability initiatives. For example, in 2025, capex of €26 million was spent on energy transition projects.

Governance factors have an overall neutral impact on our credit analysis, based on the governance structure and management team. Based on Solvay's record, we anticipate that it will demonstrate resilient operational effectiveness and a good balance of different stakeholder interests. We believe this will enable it to pursue its long-term sustainability strategy.

Rating Component Scores	
Foreign currency issuer credit rating	**BBB-/Stable/A-3**
Local currency issuer credit rating	**BBB-/Stable/A-3**
Business risk	**Satisfactory**
Country risk	Low
Industry risk	Moderately High
Competitive position	Satisfactory
Financial risk	**Significant**
Cash flow/leverage	Significant
Anchor	**bbb-**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb-**

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011