

# Solvay third quarter and nine months year 2025 results

## Analysts call transcript

November 6, 2025

### Geoffroy d'Oultremont, Head of Investor Relations

Good afternoon, everyone, and welcome to Solvay's third quarter and first nine months of 2025 Earnings Call. I'm Geoffroy d'Oultremont, head of Investor Relations, and I'm joined here today on the call by our CEO Philippe Kehren, our CFO, Alexandre Blum, and our COO, Lanny Duvall. 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.

We'll first discuss our third-quarter earnings, then provide an update on the Operations and Excellence program and also revisit some recent developments at Solvay, before taking your questions, Philippe, please go ahead.

### Philippe Kehren, CEO

Thank you very much, Geoffroy.

Hello, everyone. As usual, I will start with a word on safety. While the number of injuries is stabilizing at lower rates since the beginning of the year, the few accidents we observed in our operations remind us that we need to continue working hard on transforming our safety culture. Changing the mindset and behaviors is our main focus. Safety will always remain our number one priority.

Slide 6 please. Alex will go through the earnings in detail. But I would like to give you a few messages first.

The overall environment remains difficult. We didn't see any improvement in the general macroeconomic indicators, and the geopolitical and trade environment remains volatile. Our Coatis business continues to face very challenging market conditions due to the direct and indirect impacts of the increased tariffs on Brazilian imports to the US.

Our Soda Ash business also continues to be under pressure, specifically in our seaborne export markets due to Chinese overcapacity. Our analysis of the situation is confirmed by the recent anti-evolution regulation announced by the Chinese government and its intention to restructure industries where there is overcapacity. If and when they target the older synthetic soda ash industry in China, we estimate that the market will rebalance and rapidly improve. However, as long as demand remains subdued and supply stays constant, we expect to see continued price pressure in the Southeast Asian region. We continue to believe that this situation is unsustainable for the region, with many players seemingly selling below their cash costs.

In this context, we have reduced the quantities produced in our European soda ash exporting plants. The upside to this downside is that we were able to save some CO2 emission rights consumption. And since we've been building our CO2 emission rights portfolio for quite some time at Solvay, and as our coal phaseout is more and more secure, we decided to sell part of our CO2 emission rights inventory in Q3, and that generated a €40 million EBITDA and a €50 million cash gain. So allow me to be very clear about this. This is definitely not a one-off, but it is a business decision that we may repeat in the future should these market conditions persist.

Now before we move to financials, I would also like to spend a few minutes on the good work that we've done related to our transformation.

Slide eight please. Operational excellence is the first lever of the strategy and will allow us to accelerate the transformation of the company. We've been updating you regularly on the progress of our cost savings program, with a commitment to generate €350 million in cost savings by 2028. Today, we have invited Lanny Duvall, our Chief Operations Officer, to this call to give you a deeper understanding of what we do and how we achieve real results on the ground. Lanny, the floor is yours.

### Lanny Duvall, COO

Thank you very much Philippe.

My job is to translate this strategic commitment into hard numbers across the company. Today, I will zoom in on our industrial sites and describe how we approach sustained improvements. Our savings targets are the result of two main programs. We may be a 163-year-old company, but we are becoming a digital-first company. Over the last 18 months, we've invested significantly in both infrastructure and capability. We've created a world-class data structure where all key operational data resides, and we can leverage our scale to quickly deploy across the organization. Second, we're implementing what we call our "Star Factory" program, where all plants have a roadmap for improvement in all dimensions needed to operate our plants. All the examples that we are going to discuss are or will be implemented across all regions and all plants.

Slide ten please. Our maintenance strategy is important for our fixed costs and the reliability of our assets. This transformation in our operational performance comes from moving away from time-based maintenance to condition-based monitoring, or what we call CBM. We utilize real-time data analysis to predict equipment failure and determine the optimal moment for intervention. By utilizing sensors to measure an asset's status, we can collect critical data such as temperature, vibration, or sound. CBM enables the collection of critical data such as temperature, vibration, or sound. This data allows us to spot trends, predict potential failures, and determine the remaining lifetime of the equipment. This allows us to reduce repair costs and plan for the intervention efficiently. This shifts our entire operation from being reactive to being proactive. This isn't a hypothetical pilot. We've deployed this on a global scale. We've gone from a couple of hundred sensors in 2023 to over 4,500 sensors today, and 9,000 by 2027, creating a more resilient, reliable, and cost-effective industrial footprint. This is a good example of the value we are creating with our digital and data strategy and demonstrates our ability to quickly scale across the company in all regions. Vibration monitoring is not new or novel, but the deployment strategy at scale is a best-in-class practice. As an example, at the Dombasle site, CBM helped to detect abnormal vibration on a fan and a malfunctioning lubrication valve. Thanks to the alerts generated by the IoT sensors, this issue could be quickly corrected. And we saved a potential €100,000 repair cost. These examples highlight the effectiveness of the CBM in preventing failures before they escalate into more serious and costly issues. Again, the secret is how we have invested in our data platform, and we are now perfectly set up to use advanced AI tools to further our impact.

Another example is how we are redefining the management of material and energy performance across our industrial operations. This isn't just about efficiency. It's about unlocking 37 million in potential plant variable costs by 2027, which represents a roughly 2% reduction compared to 2023. It's about building a smarter, safer, and more sustainable future. At the heart of this transformation is digitization. We are rolling out standard real-time dashboards, giving operations and engineers instant access to the metrics that they need. The "helicopter view", as we call it, which is the standard in all of our control rooms, includes everything our employees need, such as safety indicators to ensure our people and processes are protected. Real-time production levels are tracked for throughput and performance, along with material and energy consumption metrics to drive efficiency. This is not a technical upgrade. This is a

cultural shift. It's about embedding performance thinking into every layer of the organization, starting with the shop floor. It's about making sustainability and efficiency inseparable from operational excellence.

Next slide, please. Continuously optimizing our industrial footprint is a core part of our strategy to enhance performance. Let me give you three examples. First, we've aligned our regional footprint with demand. In our Peroxides business, we've taken decisive action in Póvoa in Portugal and Warrington in the U.K., and reduced our capacity in the European merchant market. Second, we recently announced different measures in our Special Chem operations in Germany to secure our long-term competitiveness. In practice, this means we will consolidate our Special Chem German production sites to improve efficiency. By relocating the Nocolok® Tech Center and production operations from Garbsen to Bad Wimpfen, we will consolidate expertise into one location. We will establish Bad Wimpfen as the global hub for production, innovation, and customer applications, reinforcing Solvay's position as a worldwide leader in automotive brazing. Third, our energy transition, which is key to our long-term competitiveness. At our Torrelavega Soda Ash plant in Spain, we could not ensure competitive production costs after a full coal phase-out. Hence, we will supply Latin American customers from our Green River plant with a very cost-efficient alternative. We decided to decrease the Torrelavega production by one third. We will allow this reduction in fixed costs and Capex at the site, while making the energy transition project possible for the remaining capacity. Indeed, earlier this year, we announced moving forward with a biomass cogeneration unit that will reduce CO2 emissions by half by 2027. These actions are taken to ensure our operations are lean, competitive, and ready for the future.

Last example: The Spend Review Challenge. This is a five-step process that brings together a multidisciplinary team to challenge traditional ways of working and create value. The team analyzes spending at a site level and covers all of the site-related purchasing categories: operations, procurement, and leadership. All need to work closely together to create value for each site. This is an ongoing process. We started with the industrial categories and have expanded to include facilities, R&D services and goods, on-site logistics, and packaging. The SRC has the potential to return €15 to €20 million annually, primarily in fixed costs. In 2025, we challenged €330 million in spending across 21 sites and identified €11.3 million in savings opportunities. But we're not stopping there. We plan to complete 9 additional sites by the end of the year, aiming for a 5% savings on the addressable spend.

An interesting case from our Qingdao site in China, where we redesigned the plastic pallets to reduce the weight by 18%, allowing for €230,000 in annual savings. So this change is better for our bottom line, more efficient for us, our competition, and our customers' operations, and better for the environment. We are currently investigating how to scale this initiative to other sites.

Slide 12 please. We feel confident we will deliver €350 million in gross annual savings by 2028 because we have invested in our digital transformation and have an execution at scale strategy. All this while improving safety performance and providing a platform that is future proof. The early results are speaking for themselves. We achieved €110 million in 2024 and are on our way to exceed €200 million by the end of 2025. At the core of our transformation is digitization by embedding digital tools and building a common data infrastructure. We are ensuring that our operations are future-proof and AI-ready. We are already rolling out machine learning and exploring options for generative AI and agentic AI in operations.

To conclude, I want to leave you with this. I want to leave you with this. We are not just cutting costs. We are fundamentally improving how Solvay operates for the next generation. And this is how we contribute to the long-term financial resilience of Solvay. With that, I'll hand it over to Alex to walk us through the Q3 results.

Alexandre Blum, CFO

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

Moving to the financials, I remind you that my comments are based on organic evolution, meaning at constant scope and currency, unless otherwise stated.

Moving to slide 14. In a context of subdued demand, underlying net sales in Q3 2025 reached 1 billion 40 million euros, down -7% versus Q3 2024. Volumes were down -4% year on year, mainly driven by weaker performance in the Coatis business and in the Soda Ash seaborne market. While volumes for Peroxides, Bicarbonate, Silica, and Special Chem were steady year on year. Pricing was overall resilient, although we continue to see strong pressure on the seaborne Soda Ash market and in our Coatis business, as already highlighted by Philippe.

Slide 15, please.

Underlying EBITDA amounted to 232 million euros in Q3 2025, down -7% compared to Q3 2024. However, EBITDA margin remained solid at 22%. Volume mix was up thanks to the positive impact of the optimization of our portfolio of CO2 emission rights. Excluding this one-off, the volume and mix were down mainly due to Soda Ash export volumes. Net pricing decreased year on year, again primarily driven by the seaborne Soda Ash market and Coatis. Net pricing in the other businesses remained very resilient with regard to fixed costs. The year-on-year variation this quarter was -9 million, but this is exclusively coming from the €10 million temporary stranded costs related to the separation from Syensqo, as our savings program continued to exceed inflation. Looking sequentially, we have stabilized our manufacturing cost base, and despite still low production, we have been able to keep our maintenance costs below the Q2 level.

Moving to the segment review, starting with Basic Chemicals. Sales in the Soda Ash and Derivatives business unit were lower for the quarter by -8%. Soda ash volumes were down mostly from the seaborne market, where unsustainable pricing pressure persists due to the overcapacity built in China. On the other hand, the bicarbonate volumes remain steady year on year. Peroxides remains resilient, with stable volumes in the merchant market and benefiting from the growing demand for electronic grade H2O2 in the semiconductor industry. The segment was down -15% compared to Q3 2024, while the EBITDA margin only slightly decreased to 23%, still a very healthy figure in such a challenging environment.

Performance chemicals, moving to slide 17. Silica sales remain more or less stable with a slight volume slowdown in the tire market. In line with the last quarter, Coatis saw the largest decline with sales down -26%. Volumes were down in all markets, impacted by strong competition from Asian players and the overall weak demand, further aggravated by the US tariff on Brazilian imports currently reaching 50% or more. Special Chem sales for the quarter were flat with slightly higher volumes in automotive and rare earths and electronics offsetting lower fluorine demand. As explained earlier by Lanny, this drove us to make strategic decisions in Germany to ensure the long-term competitiveness of the fluorine business line. The segment was down -21% due to the negative volume of the different business units and negative net pricing of Coatis. The EBITDA margin decreased year on year to 15%.

Slide 18, Corporate segment results. The EBITDA contribution of the corporate segment in the third quarter was a positive contribution of €22 million, as explained by Philippe. This includes the €40 million gain from optimizing our portfolio of CO2 emission rights. Generally speaking, to manage our EUA deficit, we use a mix of CO2 emission rights, free allowances, energy transition projects, EUA inventory and financial instruments. Thanks to the progress made on the energy transition project and given the current low production levels in Europe, we've decided to optimize our portfolio of CO2 emission rights in Q3 by selling part of our inventory without changing our overall risk profile. As a consequence, the full-year EBITDA for the corporate segment is now expected to be between €-40 and €-50 million, which is equivalent to the previous guidance of €-80 to €-90 million, excluding the positive 40 million I just mentioned. This brings us to the free cash flow to shareholders from continuing operations. We generated €117 million of Free Cash Flow in the third quarter, bringing the total for the first nine months to €214 million. This result was supported by a contribution of €50 million from the optimization of the

portfolio of CO2 emission rights. Capex reached €181 million for the quarter, and €214 million for the first nine months of the year. This is well in line with our objective to stay within €300 million. The cash outflows year to date from provisions are in line with expectations and include €37 million related to the energy transition project in total. So to wrap up the financials, I would like to end with a word on net debt. Net debt has come down a bit since the end of June, and this is in line with our expectation of approximately €1.7 billion at the end of the year. And with that, I'll flip it back to you Philippe for the recent developments and the outlook.

## Philippe Kehren, CEO

Absolutely. Thank you very much, Alex.

But before we move to the outlook, I'd like to remind you of some recent developments at Solvay. You might have seen the expansion of the capacity of our electronic grade H2O2 in China, the announcement on our willingness to accelerate the development of circular silica and the footprint changes we announced in Germany, as explained earlier by Lanny. While we stay focused on the transformation of the company through structural adjustments, we were also able to ensure the future long-term value creation of our businesses through disciplined investments in high-growth areas.

Rare earths provide another example. Earlier in the year, we inaugurated our rare earth production line for permanent magnets at La Rochelle in France. And given the recent developments around this industry, we will take the opportunity of this call to provide a bit more details about Solvay's current activities and the future prospects in the rare earth industry.

So at Solvay, we've been rare earth experts for quite some time. Our La Rochelle site has been processing them since its opening in 1948, so right after World War Two. Today, our position in the value chain is focused on separation, purification, and formulation. High-value chemical rare earth oxides are formulated in three industrial units. So in addition to La Rochelle in France, we have one site in Japan and another site in China, and they are all serving several advanced applications such as emission control in cars, chemical polishing for semiconductors and precision optics, green energy, or medical contrast agents in MRI procedures or scintillators for PET scans. This global footprint and the modularity of our three plants allow us to ensure business continuity for our customers in these different industries, even at times of supply chain disruptions, as has happened earlier this year.

So let's now have a look at our projects in La Rochelle and the new high potential opportunities in rare earths separation and purification that we want to capture.

Next slide please. We proudly inaugurated our new production line in La Rochelle in April this year. Since April, we have been producing Neodymium Praseodymium oxides for the permanent magnets end-market. This is what we call the light rare earth for permanent magnets. And I'm excited to share that we've decided to start the separation and purification of three more rare earth elements. Samarium has already started in the second half of 2025 and Dysprosium and Terbium, which we call the heavies, will be done by 2026, and they are all essential for permanent magnets as well. We will be the first in Europe to do that. Moving forward, we have the ambition to grow this capacity, as the demand for permanent magnets is expected to increase significantly in the next few years, especially due to growing needs related to the energy transition, as you can see on this slide. When looking at the production of magnets in Europe today, it's very limited, but it could represent up to 40,000 tonnes by 2030, which is equivalent to 15,000 tonnes of light and heavy rare earth oxides. And we can capture up to 30% of that European market with our existing asset in La Rochelle quite easily. We will need to invest to reach that level, and we can do this in different stages. Thanks to our process innovation and our operational leadership, our team is continuously improving the project cost and value creation. And the total investment to bring these assets at full capacity is now expected to be between €50 and €100 million. But to do this, we are

first aligning all stakeholders in the value chain. We are discussing with potential partners and customers in Europe, but also in other regions, including North America. Regarding sourcing, we are partnering with recyclers and miners for the development of a secure and sustainable supply chain that would not need to rely solely on Chinese materials. This is concrete and happening now. Additionally, beyond permanent magnets, we are also considering supplying other essential rare earths like gadolinium or yttrium, which are critical for aeronautics, medical, and other high-end applications.

To conclude on this, we can say that our solution offers the greatest potential within the rare earth value chain. We already operate as Europe's largest rare earths producer for the automotive catalyst and electronics industry, and our strength lies in our proven ability and unique expertise to separate, purify, and formulate every main rare earth element. I'm confident that, based on the current geopolitical situation, these supply chains will be developed and we're the obvious partner to do it.

Moving to the outlook now. As shared at the beginning of this call, the environment remains difficult, and we do not see any short-term improvement. However, the overall stabilization of activity levels that we've seen in Q3 and the positive impact of the actions that we've taken support our results. This is why we confirm our full-year guidance for 2025. We expect the underlying EBITDA to be between €880 million and €930 million, and we confirm that the free cash flow from continuing operations to Solvay shareholders is expected to be around €300 million. This, I think, concludes our introduction, which was quite extensive. Thank you very much. And back to you Geoffroy for the Q&A session.

[Geoffroy d'Oultremont, Head of Investor Relations](#)

Thank you, Philippe and Alex and Lanny. We will now take your questions.

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## Questions and answers

[Wim Hoste \(KBCS\)](#)

Yes, good afternoon. Wim Hoste from KBC Securities, I have a couple of questions around soda ash. Can you maybe elaborate on the production footprint? How fast do you intend to ramp up the Green River capacity expansion and to what extent will that then reduce the European capacities? I think there was an example from the Spanish plant, but I would like to have a bit more clarity on the whole European footprint in Soda Ash. And then, also, can you please elaborate on how much of the current European production is exported outside of Europe? And then last question, any thoughts on the pricing for 2026 contracts, given the state of the Soda ash market? That would also be interesting. Thank you.

[Philippe Kehren, CEO](#)

Thank you very much for your questions. So, first, the production footprint. Clearly, today, as we said, there is enough capacity. So, we don't plan in the very short term to increase our production. What we will do is arbitrage in order to use the most competitive asset to supply the different markets. And this is also one of the reasons why we can adjust our portfolio of CO2 instruments, because indeed, and we mentioned this several times, it is today more competitive to supply Latin America from the US than from Europe. And this is freeing up a small amount of CO2 quotas that we can capitalize on in the markets. So this is

the perfect illustration that this sale of CO2 is really very much related to the business. It's the way we manage our industrial footprint.

Then, how much of the production is still exported? We are still exporting soda ash from Europe to the seaborne market, particularly to the Southeast Asian market. And that's done mainly from Bulgaria. We use our asset in Bulgaria to export to the Middle East, Africa, and Southeast Asia. And today, given the situation in the Southeast Asian market and the volumes that are sold, as well as the level of margins in this area, we decided to reduce our production in Bulgaria.

For 2026, I think it's too early to say. Very clearly, the dynamics are still the same. Keep in mind that we see a good resilience in Europe and in North America, and more volatility in the seaborne market still, particularly in Southeast Asia. Volatility and low levels of margins.

#### Hannah Harms (BNP Paribas)

Good afternoon and thank you for taking my question. I was wondering more broadly if you're expecting any improvement in the underlying trends through 2026. And if not, what additional levers can you pull to ensure that you're able to cover the dividend for next year as well?

#### Philippe Kehren, CEO

I think it's early to talk about 2026 from a business standpoint. We don't see any big changes, but we continue to work on what we control. We will continue to deliver on cost savings. We will continue to have the payback of the different restructuring actions that we take, both on our industrial footprint and on the operating model of the group. And beyond that, we will also have a lower level of cash out next year from the provisions, because this year we had a high level. This is what we can say at this point.

#### Katie Richards (Barclays)

Hi, thank you for taking my questions. I think my question would just be why now? My understanding is that the CO2 certificates prices have the potential to rise sharply going forward. So why have you chosen to monetize these certificates now? Was it purely just for cash optimization, or are you confident that your future needs will be structurally lower?

And also, just a question on your priorities regarding growth Capex versus protecting the dividend. So you mentioned that La Rochelle needs potentially another €100 million in Capex to scale up further. Would you be willing to sell more CO2 certificates, for example, in order to fund further expansion of this site?

#### Philippe Kehren, CEO

Thank you. If we sell CO2 credits, it's not to fund anything, it is because of the result of the assessment of our CO2 portfolio at this moment. Perhaps I will let Alex explain why now. And that's a good question. And then I will give you the answer regarding the priorities in terms of capital allocation.

#### Alexandre Blum, CFO

Thank you, Philippe. What you have to keep in mind is that, as we said, we have several instruments. We have the energy transition projects, we have the EUA forwards, we have the EUA stocks, and so on. And there are plenty of parameters. You have the regulation, and you have the level of production. The reason for now is also due to the conjunction of two factors. We are de-risking and we are progressing on our coal phase-out in Europe. We've mentioned that we have now exited coal in Germany, which was a quite large plant of soda ash, and we've talked several times about our project for which we had to record, as you may remember, a provision last year, but we are no less than one year from start up, so this part is quite de-risked. So it means we are confident to be able to exit coal from France next year. So accordingly

we have less needs for EUAs. And at the same time, the production level is slightly lower. Then yes, we are to take the positive part of the negative aspects of the business downside. But again, we would do that only if we think we are fairly covered until 2030.

#### Philippe Kehren, CEO

Regarding your question about the prioritization of Capex. Let me first remind you of how we view the main principles of capital allocation. First, we will dedicate between €250 and €300 million for our essential Capex. This is number one, obviously, and we're working (and Lanny can testify) as hard as we can to optimize this bucket. And this year, even if we also have a small amount of discretionary Capex, we will be at a maximum of €300 million. Number two, payment of the dividend, which is €250-260 million, more or less. That's the number two allocation of capital. Number three, it's the discretionary allocation of capital to create additional value. The first command is that, in the current market environment, we don't need big investments in a new soda ash plant, a new peroxides plant, and so on. So this question is addressed. But we want to continue to invest in small, targeted investments in markets that are growing fast. I mentioned them: it's electronic grade H<sub>2</sub>O<sub>2</sub> because Artificial Intelligence requires a lot of processors, and this requires more, for example, electronic grade H<sub>2</sub>O<sub>2</sub>; I mentioned circular silica; and we also talked a little bit about rare earths. Those are investments that are important because we have a real differentiation in these different businesses, but they are not big-ticket items. So, we will do these investments only if we have secured the uptake of the products that will be produced through these investments. So, we will do them if the conditions are present to get the right level of comfort on the profitability.

#### Matthew Yates (Bank of America)

Hi, good afternoon. I had a question relating to the carbon trading you did in the quarter, and I acknowledge this trading is possible to the extent you have excess permits relative to the lower rates of production. And Philippe was pretty clear in the introduction that this is definitely not a one-off, but it is incredibly difficult for us, as outsiders, to understand the size and recurring nature of this when the level of disclosure from the company is so limited around its carbon positions. So maybe it's for Alex. Alex, what can you tell us today to help us better understand what that CO<sub>2</sub> position of the group looks like as it stands? And in light of the proposed changes in regulatory phase-outs, your decarbonization projects, and your potential production shutdowns, how do you think that evolves over the coming years? So we can think a bit more intelligently about such trading opportunities going forward?

#### Alexandre Blum, CFO

I think what we meant by saying it's not a one-off, I mean, it's significant; you will not get €40 million every quarter. What we meant is that it cannot be looked at in isolation from the rest of the business situation. That's really what we meant. If the plant were saturated, if everything was running at full capacity, then we wouldn't have this flexibility. Okay, from a disclosure perspective, it's pretty well-defined. I cannot give you a lot of details but what I can tell you is - and again, there are many parameters that will be the benchmark, what will be the volume of production... - But when we look at the overall picture, even if we do this transaction, we consider we are fairly covered until 2030. So it means we are no longer exposed to the variation in the price of CO<sub>2</sub> in Europe. That's the main event that I can give you. The quicker we act, the better protection we have on our energy transition project. Because when you move from coal to biomass or to recycled waste, you significantly reduce your exposure and have the opportunity to release some CO<sub>2</sub>.

#### Matthew Yates (Bank of America)

Okay. But when I think about your level of disclosure compared to other carbon-intensive businesses, whether that's Yara in fertilizers or a utility company, it still seems to be on the rather limited side. So why are you not able to be more forthcoming in quantifying the position of the group?

#### Philippe Kehren, CEO

Well, I think we can probably check this, but we publish in our annual report a certain number of elements, such as the inventory and the hedges and so on. Our energy transition projects are public, we communicate about them, and each time, we say how many thousands tons of CO2 emission reduction we expect. So, I think there is nothing hidden in what we say regarding our level of production, our level of emissions, our energy transition projects, what we have in inventory and what we take in terms of forward hedges. And as I said, the guiding principle for us is really to be covered until 2030. I mean, obviously, we are currently discussing what the post-2030 scenario could be. But it's really to be covered by 2030.

#### Alexandre Blum, CFO

If you want we can follow up with investor relations. If there are certain questions that you think we could answer better. But overall, we don't think there will be a big change in regulation until 2030. We consider ETS will still apply. The benchmark for the free allowance will progressively reduce. And this is why we need to have this stock and move forward. And this is also why we need to do the energy transition project. But we don't foresee a big change by 2030. Thank you.

#### Tom Wrigglesworth (Morgan Stanley)

Thanks very much. I did have a question on the carbon credits. I mean, it just looks like a very big number, right? Ultimately, there was a €40 million profit from selling carbon credits. If I assume that you bought at €30 and you sold at €70, which kind of aligns with the communication you've made in the past, that's a million tons of CO2, which is equivalent to a million tons of soda ash exports when Europe exports 2 million tons a year. In terms of soda ash export equivalents, you've sold half a year's worth of all the European exports. And that's, I think, why we're getting a bit stuck on the magnitude of the size of the credit sale. So anything to clarify that thought process would be helpful.

Second question is just for clarification: if I understood correctly, previously you'd been thinking about the rare earth business, as I think you said - and forgive me if my understanding is wrong - that you wouldn't undertake this project on its own. You know, the economics didn't stack up to compete with China, and you needed to have customers provide long-term offtake agreements to deliver and approve the project. Have you now secured those long-term offtake agreements, and if so, is that the change between the first half of the year and now that makes you willing to commit the capital?

#### Philippe Kehren, CEO

Okay, so first question, on the order of magnitude. This represents, I would say, more or less a yearly impact. So clearly, as Alex said, we will not have this type of impact every quarter. And I think the numbers that you mentioned are overestimated, because if you look at the CO2 price that we have today on the market, you can't arrive at these types of quantities. Now, that being said, we are the only soda ash exporter in Europe, I believe, today. So it's true that we are significantly impacted if we decide to cut the exports from Europe to Southeast Asia: it has a significant impact because we are the only ones to do it.

#### Alexandre Blum, CFO

We are also releasing some quantity from the energy transition projects.

### Philippe Kehren, CEO

You're right. And the other important element is the progress we make on the coal phaseout in Europe. Now, on rare earths, just to avoid any misunderstanding, we are not saying that we will invest between €50 and €100 million today. What we're saying is that what we did this year was investing a few million to start the production of Nd/Pr. So for the light rare earth magnets. We will do the same for the heavies, we're talking about a few million in investment, it's nothing big. It's just to show we know how to do it. We can do it super fast, and we want to work with the customers to ensure that it works. Now, if you ask me today, do you have offtake contracts to move to the real projects? So regarding the big investment of €50 to €100 million? I would say not yet. We are progressing. It's true that the current context is supporting this type of discussion, but we are not ready today to move to the big investment. What has changed? I would say over the past days and weeks, it seems that progress is being made in the US. There are some potential mechanisms implemented with floor prices. And we could envisage contributing to this mechanism. Even from La Rochelle, you know, we can produce. So, this is the only thing that has changed. But we continue to discuss with the different potential customers and with the policymakers, both in Europe and in North America.

### Tom Wrigglesworth (Morgan Stanley)

Just to follow up on that, Philippe, what do you think the hesitation is? Is it the customers trying to figure out if this is a one-year problem or a ten-year problem, and you kind of need, let's say, a multi-year offtake agreement? They're trying to figure out whether they want to commit to your multi-year offtake and commit to this? Whereas on the other hand, it's very difficult to understand any of this trade development and how it's going to play out. And therefore, we don't know if rare earths is a one-year problem or a ten-year problem. Right, in terms of supply chains, do you think that's what the customers are struggling with?

### Philippe Kehren, CEO

Well, it's true that when you have a problem, and then it's solved, you tend to assume it's resolved. You tend to think that you no longer need to enter into long-term agreements. But I think fundamentally, both in Europe and in North America, customers want to de-risk their sourcing. So they're just trying to figure out what is the best, most effective way to do it. And they're probably also waiting for some indications from the policymakers.

### Chetan Udeshi (JP Morgan)

Thanks for taking my questions. I have a couple.

The first one was a bit weird. Recently, or actually it was this week, Element Solutions bought a fluorocarbon gases company, EFC, which was valued at 12 times EBITDA. And I think you are the ones who are supplying them with the fluorine-based gases and chemicals used in the semiconductor market. I'm just curious if someone is buying a distributor of your business for 12 times EBITDA, why would you not consider monetizing this business within Solvay? It doesn't seem that most of us care about this business anyway. So what is stopping you from monetizing this business?

And the second question is, in your Performance Chemicals business, what exactly happened in Q3? Because your EBITDA seems to have decreased from €100 million to €60 million. You know, I understand there was a €20 million one-off, but even then, it seems like a big collapse, even when the sales aren't really that different from Q2 to Q3. So can you help us understand what happened in that business?

**Philippe Kehren, CEO**

Thank you very much, Chetan. I will let Alex comment on the evolution of Performance Chemicals between Q2 and Q3.

On fluorine, very clearly, you notice that we're in a process of really restructuring this business and making sure that we concentrate our resources, efforts, and capital on what will shape the future of this business. So this is why, basically, we stopped our production in France. We also stopped our production of HF and organic fluorines in Germany, and we will concentrate on the aluminum brazing business. And also, we will continue to produce some fluorine gases as this is indeed still a good business today. I mean, again, there is absolutely nothing excluded at this point, but we're really focused on making sure that we have a sound and profitable business, and then we'll see. Alex, if you want to take the bridge on Performance Chemicals ?

**Alexandre Blum, CFO**

So nothing major in Q3. Just to remind you that we've mentioned in the past that in Q1, we successfully ended a litigation with one company that helped us to get paid for some royalties for the past. We also have had the termination clause of a contract in Q2. So I would say in general, this segment is probably the one which has the most variability from quarter to quarter. There was nothing really special in Q3. It's true that all businesses tend to be a little bit soft. I mean, you see the tire market, what we've said about Coatis, and regarding fluorine, we are taking measures to improve the profitability of the business, but you don't see it yet. So nothing major to signal. And we are taking measures to improve sequentially.

**Tristan Lamotte (Deutsche Bank)**

Hi, just one question, please. I was just wondering, in the existing rare earths business, what are the actual rare earths that you're using in that? And how does that differ from the new ones that you'll be using with the new business if you develop that? Thanks.

**Philippe Kehren, CEO**

Well, today in the Autocatalysis business, in the Electronics business, and medical applications, we're not using NdPr and Dy, so the neodymium, praseodymium, and dysprosium that are really specific for the permanent magnet business. So we're not using them in our current business, which is more based on cerium and lanthanum.

**Geoffroy d'Oultremont, head of IR**

Thank you, Tristan. And thank you all for your participation today. So if you have any further questions, please feel free to reach out to the Investor Relations team. We have a few events planned in November and December. They are available in the financial calendar on our website, and we will publish our Q4 and full year earnings on February the 24th. Thank you very much.