# Solvay third quarter 2026 results

## Analysts call transcript

## November 4, 2026

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

Good afternoon, everyone and welcome to Solvay's third quarter and first nine months of 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.
With that, I hand over to Philippe.

### Philippe Kehren, CEO

Thank you, Geoffroy, and hello everyone.

Q3 was another quarter with a lot of challenges. And in this context, more than ever, safety remains at the core of everything we do.
The annual trend is good, but we are not satisfied with the 3 incidents in Q3. This is a reminder to us that we can't afford to take our eyes off the ball. We will continue working closely with our teams and contractors to strengthen our safety culture and improve performance.

During the third quarter, we continued to operate in a challenging market environment, affected by the ongoing conflict in the Middle East. The most significant impact came from the temporary shutdown of our Peroxide plant at the Sadara complex in Jubail, Saudi Arabia.
The conflict has also driven higher energy, raw materials and logistics costs. While most of our energy-intensive businesses benefit from indexation mechanisms, these do not always fully or immediately offset cost increases due to lags or threshold-based adjustments. Even though our regional footprint and high degree of integration help mitigate part of the impact.
Finally, the situation is also affecting demand. With gas prices now around 100€ per megawatt hour in Europe, we see customers being more prudent, with some of them reducing their production rates or delaying purchases.

Moving to our businesses, I would like to highlight a few major trends we have observed recently.

Starting with Soda ash, where current seaborne pricing remains near historical lows.
However, there have been developments in the industry across a number of regions.
First in Europe where producers have already taken actions, including us, with the reduction of our capacity in Spain.
Then, in the US, SVM closed its production in California in the first half of this year.
And more recently in China, various public sources have reported capacity reductions, including at several large-scale plants. It appears that, for the first time, capacity closures are expected to broadly offset capacity additions in 2026.

And in the last weeks, Chinese inventories of soda ash have reportedly declined as well.
It is still too early to say that this represents a sustainable trend. The pace of recovery will ultimately depend on demand, which remains relatively subdued across most regions. Nevertheless, these changes in trend are necessary to see a gradual improvement in market fundamentals.

Besides Soda ash, most of our other businesses continue to demonstrate resilience, including Bicarbonate (which now represents more than 14% of Group sales), Silica and Fluorine in North America. Actually, the underlying EBITDA of Performance Chemicals in the first nine months of this year is stable compared to last year, when you exclude the non-recurring elements.
We also continue to deliver double digits growth in electronic grades peroxides and we continue to invest in more capacity when it meets customer demand, as we have done recently with our JV in Taiwan.

Rare Earths is another business with high growth potential where we have continued investing, and where we are making important progress.
We have spoken several times about the permanent magnets market, where electrification continues to drive strong structural demand for rare earth-based materials.
Customers' interest is very strong as they are increasingly looking for secure, traceable and diversified supply chains. This creates attractive opportunities for our rare earths business and we continue to make progress to support its long term growth.
We have strengthened the upstream part of the value chain by signing a long-term supply agreement with Viridis. This agreement will provide rare earth materials to our La Rochelle plant from their mine project in Brazil
As you may recall, in September we shared we were in discussions with OneIM. These discussions are progressing. If this leads to a definitive agreement, Solvay would contribute its rare earths activities to a newly formed joint venture while retaining a significant minority ownership interest.
Together, these developments represent important steps, and we will update you as we reach further key milestones or have additional news to share.

Alex, over to you for the financial results.

### Alexandre Blum, CFO

Thank you Philippe, and good morning/afternoon everyone.

And as usual, I will comment on the organic evolution, meaning at constant scope and currency, unless otherwise stated.

Here are the key numbers to remember for today. Let me highlight the EBITDA with 173 million euros, and the 54 million euros of FCF.
Let’s now move to the details.

Underlying net sales were broadly stable year-on-year at slightly more than 1 billion euros, a 3% decrease year-on-year but sequentially flat compared to Q2.
The volume decline primarily reflects lower Peroxides HPPO as well as lower soda ash.
Pricing on the other hand contributed positively, mainly driven by the significant year-on-year improvement at Coatis, as well as price increases at Silica and Special Chem driven by formula-based indexation.
Moving now to EBITDA.

The ongoing conflict in the Middle East continues to affect performance, with a total impact for the quarter of -25 million euros: -15 million euros from the temporary shutdown of our peroxides plant in Jubail, and the rest being margin pressure from increased energy and logistic costs. Overall, we delivered an underlying EBITDA of 173 million euros in the quarter, down 27%, with an EBITDA margin of 16.8%.
Year on Year, the significant volume decline is primarily explained by two elements: the shutdown of our Peroxide plant this quarter, and the non-repeat of the €40 million gain from the sale of $CO_2$ emissions rights recorded in Q3 2025.
Looking at net pricing: selling prices improved in most of our businesses, notably thanks to indexation mechanisms, but it did not fully offset higher variable costs, especially due to some lag in formula indexation.
Fixed costs and other elements contributed €31 million positively. Our operational savings and the phase out in stranded costs more than offset inflation, demonstrating the continued delivery of our structural cost savings program.

Let's now turn to the segment performance, starting with Basic Chemicals on slide 11.

The impact from the Middle East conflict is the most visible in this segment:
In Soda Ash and Derivatives, sales declined by 8% organically. Demand for Soda ash was slightly lower in domestic markets, while domestic pricing remained broadly steady. In the seaborne market, volumes were broadly flat, but pricing remained below the prior-year level. On the other hand, our bicarbonate business continued to demonstrate resilience, with performance broadly stable year on year.
In Peroxides, sales declined by 10%, mainly due to the continued suspension of the HPPO operations in Jubail. This was partly offset by continued strong growth in electronic-grade Peroxides.
Basic Chemicals EBITDA was down 20% organically. The decline mainly reflects the lower Peroxides volumes, together with continued pricing pressure and some limited phasing from energy indexation mechanisms in Soda Ash and Derivatives. The EBITDA margin remained just above 20%.

Moving on to Performance Chemicals on slide 12.

The segment delivered a year-on-year significant improvement.
Silica sales increased year-on-year with stable volumes and benefited from formula-based price adjustments following the significant increase in raw material costs.
Coatis sales increased significantly YoY. The improvement was mainly driven by higher pricing across both the phenol and solvents product lines, while volumes remained broadly flat.
Special Chem sales were stable. Lower volumes in autocatalysis were partly offset by stronger demand in Fluorine in North America, in a context of higher operating rates at refineries, and in electronic rare-earth applications. Pricing was higher year on year, also reflecting the pass-through of cost increases.
Performance Chemicals EBITDA increased by 17%, with an improved EBITDA margin of 17.1%, mainly supported by improved pricing and stronger contribution from Coatis.

Finally, a brief comment on Corporate.
The year-on-year variation mainly reflects the circa €40 million gain from the sale of $CO_2$ emissions rights recorded in the third quarter of 2025. Stranded costs continue to phase out thanks to our savings program.

Let's now turn to free cash flow on slide 13.

Free cash flow to Solvay shareholders amounted to 54 million euros in the third quarter, bringing the total for the first nine months to 70 million euros.
Capex remains strictly controlled, reaching 203 million euros in the first nine months, in line with our objective to stay below 300 million euros.
Working capital represented a cash outflow of 105 million euros at the end of September. We expect this position to reduce by year-end, in line with the usual seasonality of the business.
Cash outflows from provisions amounted to 152 million euros. This is in line with our expectations but remains above the normalized level and continued to reflect restructuring and transformation-related projects.
Taxes and other items represented a net cash outflow of 7 million euros. This included a €28 million euros one-off insurance gain relating to a former Solvay business.
Finally, financing cash outflows amounted to 43 million euros, mainly reflecting net interest payments and dividends to non-controlling interests.

Moving to net debt on slide 14

Underlying net debt stood at 1.8 billion euros at the end of September, compared to 1.6 billion euros at the end of last year. The increase primarily reflects the 254 million euros of dividend payments, partially offset by the Free cash flow generation. The leverage ratio was 2.4 at the end of the quarter.

Overall, we recognize that the conflict in the Middle East is causing challenges that are affecting our businesses. But it does not distract us from implementing our strategy, continuing the transformation of the Group and maintaining a solid balance sheet.
Philippe, back to you.

Philippe Kehren, CEO
Thank you, Alex. Let me now move to the outlook for 2026.

As announced on October 19, we revised our full-year guidance to reflect the impact of the conflict in the Middle East on our operations, and its impact in particular on our Jubail Peroxides site
Our operations there are conducted through a joint venture with Sadara (which is majority-owned by Saudi Aramco). Today, we are ready to restart operations and are awaiting our local partners/customers to go ahead.
So, in that situation, we are exploring all available avenues to mitigate the financial impact of the shutdown, as the joint venture contractual framework includes mechanisms designed to recover lost profitability.
Our updated guidance for the year is as follows, and it excludes any potential revenue or recovery measures from Sadara for the remainder of the year: an underlying EBITDA between 720 and 740 million euros,
free cash flow to Solvay shareholders from continuing operations between 120 and 150 million euros. This is after approximately 90 million euros of transformation expenses, which continue to weigh temporarily on our cash generation and Capex limited to less than 300 million euros. This 300 million of capex includes the 15-20 million euros investment in La Rochelle that we announced in July on rare earths

So, to conclude.

While our recent performance has been impacted by a challenging environment, particularly the ongoing conflict in the Middle East, our priorities remain clear. We are focused on the actions within our control:

driving operational excellence, delivering our transformation program, maintaining strict capital discipline and preserving our solid balance sheet.
At the same time, we are actively shaping Solvay for the future. Today's Rare Earths announcements illustrate our approach to value creation: leveraging our unique industrial capabilities while partnering with the right players to accelerate growth.
We are confident that the combination of transformation, disciplined growth and pragmatic portfolio management will continue to strengthen Solvay's positioning and create value over the long term.

Thank you. Alexandre and I are now happy to take your questions.

## Questions and answers

### Thea Badaro (BNP Paribas)

Thank you and good afternoon, everyone. Two questions, if I may. The first is on the free cash flow. So to reach the lower end of your current target, you'd need to generate more than twice what you have this quarter when excluding your one-offs. And so without a clear recovery in any of your end markets, I'm curious to know what makes you confident in achieving this.

And then secondly on soda ash, so market report is pointing to a 25% increase in soda ash prices in Q4 in Europe as energy surcharges are obviously being introduced. Can you confirm or deny that this is the right magnitude you're looking at across your contracts? And maybe as a quick follow up, how are these surcharges being met with from customers? Thank you.

### Philippe Kehren, CEO

Thank you very much, Thea. I will give the floor to Alex for your question on the free cash flow. And I will take the one on soda ash. Alex, the floor is yours.

### Alexandre Blum, CFO

Thank you, Philippe. The free cash flow guidance we gave for the full year is €120 to €150 million. Assuming we are not receiving any compensation for HPPO unit in Jubail, at the end of Q3 we are at €70 million. The big driver for Q4 is the reversal of working capital that is typically taking place between September, where we are at almost peak level of activity, and December, which is the lowest level of the year. And I remind you that last year we generated €200 million cash flow in Q4. Obviously, we didn't have the same headwinds than this year, but this shows that the normal seasonality is always towards Q4.

### Philippe Kehren, CEO

Thank you, Alex. So on soda ash and on the price increase of +25% announced in Q4 versus Q3. I remind everyone that we have indeed contractual energy pass-through mechanisms in Europe, that are triggered above a certain threshold, that they cover most of the additional costs, but that there's also for all of them a time lag that ranges, I would say between one and three months, more or less. So basically, if you have an increase during one quarter, you recover part of it only the following quarter. So of course, it's difficult to assess the number of +25%. It's true that there is a price increase due to the increase of the cost of energy. That's right. And we also see an impact on the end market. That's important because we pass through the cost, but at the same time these costs need to be integrated by the customers. So they have an inflationary impact and they have an impact on the demand as well, that we are monitoring extremely carefully.

### Chetan Udeshi (JP Morgan)

Thanks for taking my questions. First question was just going back to the soda ash indexation. So what you're saying is in Q4, maybe you've triggered some of these indexation clauses, but you're still not in a position to fully recover the cost inflation that you are seeing in your business. Is that right? And if that's the case, how should we think about 2027? Should we be penciling in continuing headwind from energy costs in your business, or do you feel any more confident to be able to fully pass on the inflation that you've seen in your cost base in especially H2?

The second question is on this JV that you are trying to put together for your rare earths business. It seemed, at least until very recently, your plan was to invest in the business and try to reap the benefits

yourself. And now you're thinking of doing a JV. Maybe just the thought process around what changed? I guess, you have a limitation in terms of your balance sheet to be able to afford a big CAPEX and that could be a consideration, but how should we think about value uplift from this JV for Solvay? What are you looking to achieve? is it the better exit price for this business and what you trade on? Is it CAPEX, but still upside optionality? I'm just curious, how are you framing the optionality from the JV for Solvay and shareholders?

### Philippe Kehren, CEO

Thank you, Chetan. So for soda ash. We have very good pass-through mechanisms in most of the contracts, at least in European and US markets. They're not 100% perfect, but they cover us very well and they have some time lags. So meaning, for example, that you can see prices going up in Q4, it means that part of it will be recovered potentially only in Q1 next year. Then I remind you that the impact of the Middle East crisis today is around €25 million per quarter. Most of it is coming from Sadara, but we still have around €10 million coming from cost increases. That's right. And it's not only energy, by the way, it's also and foremost logistics as well that we have to bear in particular on the export market. So basically, of course, difficult to say how this will impact 2027 at this point. What we know is that we see some customers being extremely careful because they have to cope with this inflationary environment and this will have an impact – this has an impact – on demand.

Now the second question on rare earths. First, I would say discussions that we have today are progressing and we have not yet reached an agreement. And of course, we will communicate further if that's the case. What we can say is that the intent indeed is that we contribute our rare earth activities into a new joint venture where we would have still a significant minority ownership interest. Why do we do that? Because indeed, we need to partner in order to fully develop this business and to become a global player in the rare earth separation business. One important step has been achieved this morning with the announcement of the contract with Viridis. That's the first part that is important, which is to secure the sourcing of our future developments in this segment. At the same time we are also working with the customers to secure the uptake of the future investments that we will do.

### Katie Richards (Barclays)

Hi, good afternoon. Just one follow up on the OneIM announcement, particularly on the timing. I guess you must be reasonably confident, given you've got a sense that this is going to be a minority JV. So would it be fair for us to assume that discussions will conclude in a formal announcement in the next month? Just some colour on the timing would be useful.

And second question, if possible, would be on Special Chem. This looks like it trended better quarter on quarter, so I was wondering if you could give us some information on the drivers behind this?

### Philippe Kehren, CEO

On rare earth, very clearly, discussions are progressing since we announced the start of these discussions in September. But today there is still a lot of work to do before we can reach an agreement, and so we will give you further detail if and when it's appropriate.

### Alexandre Blum, CFO

On Special Chem, there are different applications. The automotive part is probably stable sequentially. I think there are two things which are helping the trend sequentially. One is, electronics. Certain electronic applications in rare earths are having a good trend. And second, we have a certain fluorine application that goes in refineries in the US. And as you can suspect with the current environment, the demand from those fluorine products is high and this is helping the trend.

### Martin Roediger (Kepler Cheuvreux)

Thank you for taking my questions. Firstly, on Coatis. I see this very strong top-line performance 19% year over year. Is it right to say that a large part of the 22% EBITDA increase in the segment Performance Chemicals is due to Coatis? Because I see that certain special chemicals had more formula-based pricing, so that means passing on largely higher input costs to customers. And how do you see the prospects for Coatis in Q4 and beyond? In other words, how sustainable is the current tightness in phenol and solvents? That is my first question.

The second question is on your dividend, actually. You keep the interim dividend unchanged at €0.97 dividend per share for the January payment. But looking at your free cash flow guidance of €120 to €150 million, you cannot cover the €260 million dividend payout. Don't you need to cut your dividend? Thank you.

### Alexandre Blum, CFO

All the businesses of Performance Chemicals broadly improved in Q3. But it's true Coatis is the one with the highest recovery. And as a reminder, last year they were really at the trough, much below their mid-cycle. So the different elements we've mentioned in the past, the lower tariffs, the good dynamic in South America, indirectly the Middle East, which has made more expensive freight for competition and have increased the freight indexes. All of that helped the Coatis business to come back, not at its peak, but more towards its mid-cycle level. But it's true it's the main driver but not the only driver of improvement for the segment.

### Martin Roediger

So you are confident also going forward?

### Philippe Kehren, CEO

Yes. Again, it's difficult to say what will happen on the tariffs and everything. But I think the business is recovering. We have some industrial challenges that we're currently solving. So, yes, the situation is improving. As Alex said, I think the trough was really between Q3 '25 and Q2 '26.

### Alexandre Blum, CFO

It was deeply in '25, even.

### Philippe Kehren, CEO

So, the business is recovering and probably will stabilise around mid-cycle in the weeks or in the quarters to come. But again, it's very difficult to anticipate.

So regarding dividend, indeed, the Board approved the interim dividend, which is in line with historical practice of 40% of the previous yearly dividend. I remind you of the capital allocation framework that is in place at Solvay. The first bucket is essential Capex. So €250 million, more or less, a little bit less even, because we're tightening the expenses. The second bucket is, and with equal importance, dividend policy and investment grade rating. And the third bucket is investment in growth, which is based on affordability. And obviously today we have limited optionality there. We're spending more or less €50 million on projects such as electronic grade hydrogen peroxide or rare earths. So that's the capital allocation framework that we have at Solvay. The Board regularly reviews this capital allocation policy in line with the strategic priorities. And then of course, you know that we have a transformation cost this year of €90 million that will go down next year to €50 million, and that will gradually go to zero. So that's another element that is important.

### James Hooper (Bernstein)

Hi, thank you very much for taking my questions. I have two, please. The first is about soda ash capacity. Are you able to be a bit more granular with how you see soda ash capacity developing? If I look at Chinese expected capacity, you've got the increases from Inner Mongolia or Naiman Qi meaning, you know, a couple of million tons per year coming out of there. So do you think there's going to be enough restructuring to offset those in future?

And then secondly, is about the transformation. Philippe, you've said that you're in the middle of a multi-year transformation program. Can you take us high level just to see where you think we are now and how you think of the transformation cost? You're expecting them to slow as we go into '27/'28. Thank you.

### Philippe Kehren, CEO

Thank you, James. Alex will answer the transformation program update after I address your question on soda ash. So yes, you can read CMA reports and so on. They are very accurate data, more and more accurate data, I would say on what's happening. First, the restructuring is taking place in Europe and in the US. So in Europe we have rightsized ourselves, our plant in Torrelavega, reducing capacity to adjust to the domestic market. In the US, one of the five production units has shut down earlier this year in California. That's quite significant. That was SVM. And now China has started to restructure quite significantly. And that offsets the new capacities that have been in place. There are still some potential closures that are quite significant in China, so we will continue to monitor what's happening. And all this you can find in public reports and analysts' reports. So we will continue to monitor this. I think it's a positive signal. Is it enough? We don't know. The demand is not great, including in China. Another positive thing is that we see inventories going down. That's another good news. But let's see, it might take more or less time to restore the supply/demand balance.

### Alexandre Blum, CFO

On the items on the transformation costs, we still have the same vision as what we've communicated in previous quarters. Even if there are many moving pieces. Again, since the separation, we have a certain number of restructuring to do in the fluorine business, in the shared services to separate the IT with Syensqo and so on. So that's many moving pieces. But overall, we think all these transformation expenses will peak in 2026 around €90 million for the full year. I would say a little bit less than half of that impacting EBITDA. And we estimate that next year we should be around €50 million and it will be with a limited impact on EBITDA, and from 2028 onward it's almost completely gone. We will have rolled out our ERP and done all the restructuring in the business.

### Tristan Lamotte (Deutsche Bank)

Thanks for taking my questions. The first one is, sorry to ask another one on this, I was just wondering if you could maybe explain a little bit more how the dividend and investment grade can have equal importance? Are the two kind of linked so you can't have one without the other? And maybe linked to that, have you thought about a kind of temporary dividend cut if you're saying some of these elements are temporary?

And then second, I was also wondering if you could talk about some of the recent discussions of defence measures from the European Union that have been in the press. I think some of your products were potentially named under that, or maybe you could clarify. And do you see any potential upside, meaningful upside, from that? Thank you.

### Philippe Kehren, CEO

I can only repeat that dividend policy and investment grade are equally important and that we are managing the company and we are allocating our capital in order to meet those two requirements after we have paid our essential CAPEX. In the current circumstances, it's true that we have been able to reduce a little bit the baseline for our essential CAPEX. I think that's also one of the strengths that we have. With the Board, we review constantly and regularly, our capital allocation policy in order to check that it is well in line with our strategic priorities and also with the quality of the balance sheet that we want to have.

On your question on defence measures from the EU, I think we see a lot of good intentions in terms of realising that all the strategic value chain that we need or that Europe needs, starts with an essential chemical molecule. Meaning there is no AI, no data centre, no semiconductor without rare earths, without electronic grade hydrogen peroxide, there is no lithium, there is no solar panels without soda ash, there is no green mobility without rare earth, without silica. Everything that we do is most of the time the first step or a critical step of everything that is critical. So we should not only look at the end product. That's why we see with a certain level of comfort that this is being taken into account, that there is an intention to protect some critical materials. We're really waiting now for action. That's really the message I want to convey is that we need action. That we see a lot of pressure on our industries in Europe and that we need practical actions in order to make sure, first that we have the right level of competitiveness for our industry, and second, that we also have a level playing field, a fair competition.

### Julia Winckelmann (Bank of America)

Hi, thanks for taking my question. I wanted to ask about your leverage. It's already at 2.4x which is quite high for such a cyclical business and now the EBITDA base is reduced by the HPPO plant outage and might be reduced further by a potential rare earth deal. So I was wondering how you think about your leverage target, if you have one. And also what's your ambition to potentially deleverage over the next 12 months or so? And then related to that, if there would be a deal in rare earths, how would you use the proceeds? Thank you.

### Alexandre Blum, CFO

Hello, Julia. I would say the leverage at 2.4x is the peak. Because, we have paid the dividend in the first part of the year and we generate cash flow at the end of the year. So there is always a little bit of a peak. We don't have a target per se for leverage. Our North Star is S&P's investment grade rating, for which we have a little bit of headroom. It's super important for us. We constantly monitor the rating ratios and we are in close contact with S&P. So we will manage.

Now, regarding the rare earths deal, we cannot comment for now. When and if we conclude the deal, we will be more explicit about the quantum of the proceeds and the use that we will make.

### Philippe Kehren, CEO

Which will be in line with our capital allocation policy.

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

Thank you everyone for your participation today.

If you have questions, please feel free to reach out to the Investor Relations team. We have a few events planned for November and December. As usual, you can find them on the financial calendar page on our website, and our Q4 and full year earnings will be published on 4th March. And we will also come with a strategy update in March 2027. Stay tuned. Thank you very much.

Philippe Kehren, CEO
Thank you.

Alexandre Blum, CFO
Thank you.