Syensqo Second Quarter 2025 Results – Analyst Call Transcript

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Corporate Speakers:

- Sherief Bakr – Head of Investor Relations, Syensqo
- Ilham Kadri – Chief Executive Officer, Syensqo
- Christopher Davis – Chief Financial Officer, Syensqo
- Peter Browning – President, Specialty Polymers Business Unit, Syensqo

Participating Analysts:

- Nicholas Witting, Bernstein
- Geoff Haire, UBS
- Aron Ceccarelli, Berenberg
- Chetan Udeshi, JP Morgan
- Katie Richards, Barclays
- Thomas Wrigglesworth, Morgan Stanley
- Matthew Yates, Bank of America

Presentation

Operator:

Good day, and thank you for standing by. My name is Regina, and I will be your conference operator today. Welcome to Syensqo's Second Quarter 2025 Results Conference Call. All lines have been placed on mute to prevent background noise. After management's remarks, we will hold a question-and-answer session. (Operator instructions.) I will now turn the conference over to Sherief Bakr, Head of Investor Relations. Please go ahead.

Sherief Bakr:

Thank you, Regina. Hello, everyone, and welcome to Syensqo's Second Quarter 2025 Earnings Call. I'm Sherief Bakr, Head of Investor Relations. I am joined today in Brussels by our CEO, Ilham Kadri, our CFO, Christopher Davis, and Peter Browning, President of the Specialty Polymers business unit.

Starting this quarter, alongside our regular results discussion, we will feature one of our business unit presidents on these calls, providing greater insights into their businesses and supporting the Q&A session.

As a reminder, today's call is being recorded and will be available for replay later today via the Investor Relations section on syensqo.com/investors. We will make forward-looking statements regarding our business and financial performance, which are subject to risks and uncertainties as detailed in our press release and slide materials. Both the slides and today's press release are available for download on our website.

Turning to today's agenda: Ilham will begin with a high-level overview of the quarter. Peter will then review the performance of Specialty Polymers, followed by Chris with the financial details. Ilham will conclude with our outlook for the remainder of the year before we open the floor to your questions. With that, I'll hand over to Ilham.

Ilham Kadri:

Thank you, Sherief, and good afternoon or good morning to everyone joining. During the second quarter, we delivered on our outlook despite a challenging and uncertain market environment. Our specialty positioning, unique value proposition, solid balance sheet, and unrelenting focus on the factors within our control supported our performance and will continue to do so as we navigate external uncertainties.

In our first eighteen months as an independent company, we have made significant progress advancing our strategy and laying strong foundations for future growth and value creation. The separation from Solvay has accelerated our transformation—making us leaner, more agile, and better positioned to serve our customers and capture market share.

For example, we are ahead of schedule in completing our separation from Solvay. Since May, we have been operating our standalone ERP system and have taken full ownership of shared services. We are streamlining the organization to achieve structural cost savings, scaling our hands-on culture, and sharpening our customer value proposition—which is already contributing to growth and share gains. Our investments focus on high-return

growth projects aligned with our pure-play specialty strategy, while our divestment process remains firmly on track.

Let me highlight a few key results for the second quarter—Chris will elaborate later. We delivered resilient pricing and robust margin performance in our core segments, despite temporary headwinds that affected year-on-year volume growth in Specialty Polymers as previously indicated. Sequentially, EBITDA reached €335 million, up 8%, driving an EBITDA margin of 21.1%—a healthy 190 basis point increase versus Q1—supported by our cost-saving initiatives. Excluding the Other Solutions segment, which is slated for divestment, the EBITDA margin exceeded 23%, nearly 200 basis points higher than the overall Q2 margin.

I am particularly pleased with our progress in completing the separation from Solvay. We remain ahead of schedule, having achieved key milestones in digital infrastructure and in sourcing shared services. We are on track to meet our year-end targets, paving the way for organizational simplification and further cost efficiencies.

As Chris will describe, we closed a €1.2 billion bond offering, further reinforcing our strong liquidity position. Cash conversion remains healthy, at 72%, and we continue our €300 million share buyback program, having just commenced the fourth tranche today.

Since our last call, we have continued to advance our strategy—launching new and differentiated innovations to support customers, providing more sustainable, high-performance solutions across our portfolio, and building new partnerships with industry leaders to unlock new sources of growth.

During the quarter, I joined our composite materials leadership team at the Paris Air Show, where we engaged with numerous customers across civil, space and defense, and advanced air mobility sectors. It is clear that significant growth opportunities exist across these areas. Civil aerospace is witnessing record new orders. Global defense spending is expected to rise substantially, presenting opportunities for us to gain market share through new programs and additional growth, notably with unmanned aerial vehicles (UAVs) for multiple applications.

What struck me most was the pivotal role of our innovation in meeting customers' needs: enabling lighter, more efficient aircraft that reduce fuel consumption and emissions at a lower total cost of ownership. I was also excited to announce our partnership with Microsoft, leveraging their AI expertise alongside our research and innovation capabilities. This collaboration, specifically through early access to Microsoft Discovery in private preview, enables us to co-create an AI-first platform designed to transform scientific exploration and accelerate time to market.

Before inviting Chris to present the financials, I'd like to provide high-level remarks on our segment performance this quarter and introduce Peter Browning, President of Specialty Polymers, who will provide more detail and join the Q&A session.

As a reminder, Syensqo's revenue and earnings mix reflects our standing as a leading pure-play specialty materials company. In Q2, over 70% of our EBITDA came from our high-margin materials segments, with a 140 basis point sequential margin expansion to approximately 30%. Despite lower volumes year-on-year, net pricing remained stable.

Composite Materials delivered another quarter of strong underlying demand and robust margins, despite continued destocking at Boeing. Excluding Boeing, civil aerospace sales increased by 2% versus Q2 2024. Our broad exposure—spanning civil aviation, space, defense applications, and a diverse array of new programs—demonstrates our product strength and mix of growth drivers.

With that, I'll hand over to Peter to discuss Specialty Polymers.

Peter Browning:
Thank you, Ilham, and good day to everyone. I appreciate the opportunity to discuss Specialty Polymers and our Q2 performance.

Specialty Polymers is Syensqo's highest-margin business, and our central value proposition is partnering with customers to solve their most complex application challenges. We leverage the widest array of high-performance polymers and technologies in the industry, focusing on delivering the lowest total cost of ownership so our customers can win in their markets.

Our end-market exposure spans high-growth areas: lightweighting, electrification, and energy efficiency in automotive; ultra-high-purity materials for semiconductor fab construction; safer, better healthcare solutions; and sustainable, high-performance offerings for the energy sector. These sectors provide compelling potential for continued structural outperformance in the years ahead.

Put simply, we operate at the top of the polymer performance pyramid. This is reflected by our industry leadership, deep customer relationships, powerful innovation capabilities, and consistent margins. Since the Solvay separation, our customers have welcomed our heightened focus and the acceleration of joint innovation projects.

In Q2, we delivered solid underlying volume growth and another quarter of strong margins, despite a challenging environment. As Ilham mentioned—and consistent with our expectations—temporary headwinds in electronics were offset by growth in healthcare, food, and pharmaceutical packaging, along with modest growth in automotive. Excluding electronics, we achieved 3% year-on-year volume growth.

Sequentially, Specialty Polymers delivered 7% net sales growth on the back of healthy volumes and stable pricing, resulting in improved gross margins versus Q1. We saw particularly strong growth in healthcare—especially biopharma—while our pharmaceutical and food packaging businesses also continued to grow steadily.

In electronics, I am encouraged by signs of easing destocking in our semiconductor foundry construction business and strong market interest in our proprietary non-fluorosurfactant sealing technologies. This market-first solution is tailored for the most demanding semiconductor production applications and will extend our leadership and support long-term growth.

Externally, the market context remains challenging, so we remain focused on what we can control—rapidly delivering new value for our customers, leveraging AI investments to identify opportunities, and rigorously managing our cost structure. These elements underpin our ambition to outpace the market in the long term. With that, I'll hand back to Ilham for discussion of our remaining businesses. I look forward to your questions.

Ilham Kadri:

Thank you, Peter. Turning to Performance & Care: we delivered 4% year-on-year growth, led by Novecare, supported by increased demand in agriculture and home and personal care. In Technology Solutions, we continued to see growth in mining, benefiting from market share gains. At the segment level, underlying EBITDA margin exceeded 19%—a healthy 150 basis point sequential increase. With that, I'll turn to Chris for a detailed financial review.

Christopher Davis:

Thank you, Ilham. Good morning and good afternoon, everyone. As anticipated, 2025 has been defined by heightened trade tensions and policy uncertainty, creating broad caution and altered investment patterns across value chains.

Despite this uncertainty, I am pleased to report that we finished Q2 slightly ahead of expectations. Turning to slide nine: Q2 net sales were €1.6 billion. Volumes declined 3%, mainly due to the expected lower demand in Specialty Polymers and reduced volumes in Composite Materials and Technology Solutions, topics I'll expand upon by segment.

We remain steadfast in defending our gross margins, reflecting the strength of our specialty chemicals positioning. Our gross margin was 32%—a benchmark for the sector—and improved sequentially, driven by a favorable sales mix in Specialty Polymers and continuing pricing benefits in Composite Materials.

Since Syensqo's formation, we have consistently demonstrated pricing discipline and cost control—particularly in materials—even as volumes fluctuate. Underlying EBITDA for Q2 was €335 million, slightly above expectations.

Segment highlights, as referenced on slide ten:

Specialty Polymers sales decreased 9% year-on-year (6% at constant currency), mainly due to lower electronics volumes. Encouragingly, as Peter noted, the second half is already showing improved order trends in electronics, in line with our expectations.

Healthcare and food & pharmaceutical packaging both contributed volume increases, thanks to market share gains, normalized buying patterns, and one large healthcare order.

Composite Materials revenues were €288 million, down 7% year-on-year (3% at constant currency), mostly due to lower automotive sales. Notably, Q2 2025 represents our third-highest sales quarter in USD since 2019, demonstrating continued robust demand. (The others were Q1 2025 and Q2 2024.)

Excluding Boeing, other civil aviation sales rose, and space and defense sales improved by 2%. Pricing remains robust in composites. Boeing-related destocking is expected to persist into H2. Materials delivered EBITDA of €269 million, with a strong 30% margin.

Novecare achieved €347 million in sales; Technology Solutions generated €164 million.

Novecare's agro sales increased 31% year-on-year, supported by normalized demand post-destocking and strong performance in Latin America and EMEA.

Home & personal care sales grew 8% on share gains and rebounding North America demand.

Technology Solutions benefited from new customer wins and strong reagent use in copper mining, offset by weaker building and industrial demand in lower-margin polymer additives.

EBITDA margins in Technology Solutions were the second-highest within Syensqo and improved both year-on-year and sequentially, mainly due to mining. Performance & Care EBITDA was €98 million (19% margin). Other Solutions delivered €8 million at a 5% margin.

On slide eleven, you will see stronger volumes in healthcare, food and pharma packaging, agro, home and personal care, and mining. However, the decline in electronics volumes remains the single largest driver of the year-on-year group EBITDA reduction. Excluding electronics, Specialty Polymers volumes increased, although we saw some short-term headwinds in semiconductor foundry construction.

Cost savings reduced fixed costs in Materials. As a result, EBITDA in Materials fell €22 million year-on-year, while Performance & Care EBITDA was down €11 million and Other Solutions by €12 million. Total Q2 EBITDA was €335 million, including a €12 million year-on-year FX headwind, due to shifts in the euro-to-dollar exchange rate: the comparable prior year rate was 1.08, Q2 actual was 1.14, starting the year at 1.05, and currently at 1.17, with forecasts reaching as high as 1.20. This FX effect is strictly translational for Syensqo.

Total capital expenditure for Q2 was €113 million, bringing H1 spend to €289 million—fully aligned with our plan to remain under €600 million for the full year. This includes €63 million for growth investments, mainly at our Tavaux specialty polymers plant in France, the Galden expansion in Spinetta, Italy, and capacity debottlenecking in Composite Materials.

2025 is our peak investment year, primarily due to Tavaux and full digital/IT infrastructure separation from Solvay. Going forward, we will first leverage existing spare capacity (requiring no new capex), and then invest in small,

fast, high-return organic growth projects, including additional adhesive capacity for Composites, compounder debottlenecking in Welland for Mining, and further Galden expansion for semiconductor demand in Specialty Polymers.

We remain firmly committed to our investment-grade rating and shareholder returns. We have set 2025 capex below €600 million. In today's environment, we are carefully managing both capex and cash, aligning near-term requirements with long-term value creation. We invest where returns are compelling, while maintaining discipline elsewhere.

Operating cash flows (slide 13) remain a key focus. Q2 operating cash flow was impacted by annual employee incentive payments (around €120 million) and €63 million absorbed by trade working capital. This resulted in Q2 operating cash flow of €20 million, bringing the trailing 12-month figure to €751 million and a 72% conversion rate. Q2 free cash flow to shareholders was –€67 million, but our full-year outlook remains approximately €350 million.

Looking ahead, we expect material inventory reductions in late 2025, releasing well over €100 million in cash—primarily visible later in the year. Additionally, following the Italian Supreme Court's dismissal of Edison S.p.A.'s appeal, we anticipate a further €90 million for damages awarded, to be received in H2. These factors, combined with increased H2 earnings, will significantly support our full-year free cash flow outlook.

2025 is a transition year for cash, reflecting separation costs and Tavaux capex that will not recur in 2026. More than €200 million in outflows this year will not repeat, materially improving future cash generation.

Our financial position remains robust: net debt stands at €2.2 billion, gearing is 26%, and leverage is 1.7x. These ratios align with historic patterns due to timing of dividends and variable compensation, and both should improve by year-end in line with previous cycles. Liquidity remains strong, with €1.7 billion in undrawn committed facilities and €1.3 billion in cash as of June 30, 2025.

In Q2, we completed our second senior bond issue, raising €1.2 billion in two tranches of €600 million, at 6- and 10-year maturities. These bonds are rated in line with our corporate credit ratings (BBB+ by S&P, Baa1 by Moody's) and were more than four times oversubscribed by over 125 institutional investors, allowing us to tighten pricing.

In summary, we maintain a strong balance sheet, low gearing, and balanced debt maturities. With that, I will hand the call back to Ilham.

Ilham Kadri:

Thank you, Chris. Looking ahead, while global uncertainty remains high, we believe our balanced regional footprint and mitigation actions limit our direct exposure to tariffs.

Several industries continue to experience subdued demand and reduced visibility across value chains, so our focus remains on what we can control: navigating the near-term environment, strengthening our platform for future growth, and accelerating our transformation as a pure-play specialty company.

In terms of outlook: based on the assumptions laid out in February, our 2025 guidance remains unchanged. With greater clarity on FX and tariffs since last quarter, we now estimate the combined impact will be around €100 million—two-thirds from FX, one-third from tariffs. Our updated outlook is for underlying EBITDA of approximately €1.3 billion, capital expenditure below €600 million, and around €350 million in free cash flow.

For the second half, as Peter and Chris highlighted, we expect easing of semiconductor headwinds and greater benefit from cost savings, which began in Q2 and should be more pronounced in H2.

In summary, Q2 saw us deliver on our outlook, with improved margins in our core segments, driven by our differentiated value proposition and disciplined focus on controllable levers. We believe this approach will sustain Syensqo's profitable growth in the coming quarters. With that, we are ready to take your questions.

Question & Answer

Sherief Bakr:

Thank you, Ilham. We will now proceed to Q&A. Please keep your questions to one, with one follow-up, and rejoin the queue as needed so that as many analysts as possible can participate. Regina, may we have the first question?

Operator:

Our first question comes from Nicholas Witting, Bernstein. Please go ahead.

Nicholas Witting, Bernstein:

Thank you for taking my question. I wanted to discuss your outlook for electronics—how do you see that developing for the remainder of the year? Could you also comment on regional trends?

Ilham Kadri:

Thank you. In electronics—and Peter can add detail—we expect improvements in semiconductors during the second half, as destocking draws to a close. We have monitored destocking for some time, and we are now seeing key semiconductor customers draw inventories down and move towards full contract volumes. As a result, we expect Specialty Polymers' performance to strengthen in H2, with margins remaining robust, underpinned by our powerful value proposition. Peter, would you like to add color on customer orders?

Peter Browning:

Certainly. In semiconductors, our significant exposure to foundry construction provides us deep insight into customer sell-out patterns—especially in ultra-high purity water piping systems. This understanding of customer inventories is the foundation for our confidence in H2 growth. Back to you, Ilham.

Ilham Kadri:

Thank you. Sherief, next question, please.

Operator:

Our next question comes from Geoff Haire, UBS.

Geoff Haire, UBS:

I have a question on the materials business. Since Syensqo's formation, year-on-year margins in materials have declined, except for Q4 last year. This appears to be largely driven by pressure in Specialty Polymers. While I realize you cannot share exact numbers, can you help us understand the current Specialty Polymers margin profile versus historical peaks? Have there been any structural shifts? I have a follow-up as well.

Ilham Kadri:

Thank you, Geoff. I'll begin, and Peter will expand on Specialty Polymers. For full-year 2023, EBITDA margins in our Materials segment were around 33%, compared to approximately 30% in Q2. To break that down: while Composite Materials have grown, margin improvements there are offset by mix effects, since Specialty Polymers typically commands higher margins. Peter, your thoughts?

Peter Browning:

Certainly. For us, it largely reflects mix effects. Net pricing has remained resilient—we have made some targeted concessions, and raw material costs have also been favorable. We have focused our efforts on maintaining our gross margin percentage. Looking ahead, we see a substantial opportunity for operating leverage as volumes recover; with capacity and assets already in place, additional demand should translate into strong incremental margins.

Sherief Bakr:

Geoff, do you have a follow-up?

Geoff Haire, UBS:

Yes, Ilham, you spoke earlier about value creation over the past 18 months. Could you expand on what value creation has looked like to date?

Ilham Kadri:

Certainly, thank you. While Syensqo is a start-up with legacy, we have completed the full separation from Solvay over the past 18 months—an effort that included critical, though not immediately visible, elements such as ERP, IT, and shared services. We have hired 800 people in 500 days. This acceleration has enabled us to implement a new operating system, streamline the organization, and prepare for 2026.

On innovation, we recalibrated our project pipeline to focus on more short-cycle, high-return initiatives. Outside Tavaux—where investments will finish this year—most new investments are targeted, fast-to-return projects, such as Galden in Specialty Polymers for semiconductors, or debottlenecking in Mining Solution. And, importantly, we have fostered a cultural change—instilling a "hunting" and entrepreneurial mindset, strengthening customer relationships, and reinforcing disciplined capital allocation. Back to you.

Operator:

The next question comes from Aron Ceccarelli, Berenberg.

Aron Ceccarelli, Berenberg:

Good afternoon. On Specialty Polymers: would you consider M&A to strengthen your position in a specific polymer, or to enter new markets? Second, Victrex has moved towards more aggressive pricing to drive volume growth. How are you responding?

Ilham Kadri:

Thank you. We have been extremely disciplined on M&A, particularly in Specialty Polymers. Over the past two decades, Specialty Polymers revenue doubled first through acquisition, then organically. Post-separation, we are becoming an even purer play as we continue to divest non-core assets, further sharpening our focus. Organic opportunities remain strong in areas such as capacity building in Specialty Polymers, mining, and composites—especially defense and the growing Indian market. Peter, your thoughts—especially regarding PEEK?

Peter Browning:

Thank you, Ilham, and thank you, Aron, for the question. Our business comprises a set of segments, each focused on delivering differentiated value via innovation. While both we and Victrex manufacture PEEK, our customer engagement and innovation platforms mean we rarely compete directly on price; instead, we establish deep relationships and deliver sticky, co-developed solutions, making it difficult for competitors to win business through pricing alone.

Operator:

Our next question is from Chetan Udeshi, JP Morgan.

Chetan Udeshi, JP Morgan:

Thank you. Firstly, your full-year guidance suggests H2 will be flat relative to H1, despite Q4 being seasonally weaker. Does this imply Q3 should be stronger sequentially than Q2? Can you clarify your H2 phasing?

Secondly, you speak extensively about creating a "hunting spirit" in your sales force, but volumes do not yet reflect this; for example, EMS Chemie's volume and margin trends seem stronger. Where are you on this journey, and how soon do you expect to see results?

Ilham Kadri:

Thank you, Chetan—excellent questions. Chris, could you address the outlook phasing?

Christopher Davis:

Certainly. Given ongoing uncertainty regarding geopolitics and tariffs, it is challenging to give quarter-by-quarter visibility, as volumes may shift between periods. Our full-year EBITDA outlook remains approximately €1.3 billion. For H2, we expect to benefit from two major tailwinds: a projected €40 million positive impact as the end of

semiconductor destocking takes effect, along with additional cost savings—primarily realized in the second half. FX and tariff headwinds will partly offset these effects. Quarter-to-quarter, order timing may create some fluctuations, but we are committed to achieving our full-year targets and adjusting tactically to address any demand surprises.

Ilham Kadri:

On the "hunting culture": Instilling this mindset takes time and requires training, targeted recruitment, new account management processes, and a focus on customer acquisition. All senior leaders, including our top 30 executives, sponsor key customers and targets, embedding this approach across the company. We have also launched "SciGrow," our Gen-AI sales assistant, which is already accelerating wins in automotive and being deployed globally. Peter, can you share some practical examples?

Peter Browning:

Certainly. While EMS Chemie's portfolio differs from ours, we believe we outperformed the underlying automotive market in H1. I know EMS well—I've competed with them for 15 years. We support our hunting philosophy by expanding compounding capacity in China and North America, and holding weekly "win room" sessions to move pipeline opportunities forward. I personally review all sales visits and regularly connect with my commercial directors, ensuring organizational focus and accountability. This remains a clear priority.

Operator:

The next question comes from Katie Richards, Barclays.

Katie Richards, Barclays:

Thank you. On Boeing destocking—you expect this to continue into H2. With potential strike action at Boeing expected to affect defense platforms, perhaps even the F-18, which you supply, do you anticipate any impact for Syensqo, and could this affect recovery timing?

Ilham Kadri:

Thank you, Katie. We are closely monitoring developments. Boeing's CEO has stated that the strike, if it happens, is expected to be much more limited than last year's. Our exposure to the affected Boeing operations is very limited and diversified across a range of programs—the F-18, 777X, F-15, and MQ-25—so the overall risk is small. We do not expect a material impact for Syensqo.

Christopher Davis:

Yes, to add to that: Q2 and H2 will see Composite Materials continue their strong showing—Q1 was robust, and Q2 as well. While we expect the impact to continue into H2, for the full year, we anticipate no significant deviation from our original guidance. We remain confident in the full-year outlook.

Operator:

We now turn to Thomas Wrigglesworth, Morgan Stanley.

Thomas Wrigglesworth, Morgan Stanley:

Thank you. For Peter: When considering the business over the next 2–3 years versus the prior five years, how do you expect end-markets and product mix to change? Will semiconductors be the greatest change? And do you see large margin differences between segments—do semiconductors, for example, carry higher margins than automotive or consumer electronics?

Peter Browning:

Great questions. Over the next five years, I foresee electric vehicles as a significant portfolio driver, with considerable tailwinds. Semiconductors should also experience strong structural growth, as the cycle remains favorable. Healthcare will also play a bigger role. Regarding margins: our focus remains on high-value, complex applications regardless of the segment, so margin differences across sectors are limited; we consistently pursue challenging, differentiated spaces.

Ilham Kadri:

Peter's portfolio's diversification is a major strength, both technologically and across end-markets. Beyond high-performance polymer manufacturing, we are expanding into compounding—for example, Peter, perhaps comment on the China opportunity?

Peter Browning:

Certainly. In China, our approach is fully localized—quick, agile, and highly responsive to opportunities. In India, cost-competitive, skilled production provides a robust platform for both export and local expansion. Across both countries, we empower local teams, supported by central innovation and capital.

Thomas Wrigglesworth, Morgan Stanley:

Thank you. One more for Chris: It appears SG&A was down ~€50 million year-on-year, with corporate costs down €15 million. Can you clarify how much of the €200 million cost savings program by 2026 will materialize in H2 2025?

Christopher Davis:

Yes, for context: the €200 million in cost savings is our targeted run rate by the end of 2026, equivalent to three years of inflation. 2025 is a trough year—the majority of savings is weighted to the second half, with around €40 million uplift in H2, which is already starting to show in Q2. The benefit is spread across corporate, lower R&D, and reduced labor costs, with some timing effects as well.

Operator:

Our final question comes from Matthew Yates, Bank of America.

Matthew Yates, Bank of America:

Thank you. First, regarding lower polymer pricing in autos: is this net price or mainly raw material pass-through?

Second, "Other Solutions" profits fell about 50% year-on-year and sequentially. Is this due to weaker end-markets, or are these “orphaned” assets seeing deterioration pending divestment?

Ilham Kadri:

Thank you. On Other Solutions: every business under our roof receives full management attention and support until divestiture is complete. "Non-core" does not mean "bad"; these are healthy businesses that will thrive with the right owners. The process is advancing as planned, the teams remain engaged, and much of the profit pressure stems from sector-specific effects (such as oil/gas or commodities) rather than internal factors. These predates Syensqo; since then, we've restructured, isolated, and improved these businesses. Peter, your comments on specialty polymer and automotive pricing?

Peter Browning:

We do not operate on a pure pass-through model; instead, we look for value opportunities, carefully balancing margin protection with the strategic decision of when it makes sense to trade price for share. Our H1 gross margin trend has been encouraging, confirming that our targeted approach is working.

Ilham Kadri:

Thank you—Peter and the team deserve credit for maintaining both net pricing and gross margins across specialties, which is our core measure of value in these businesses. Back to you, Sherief.

Sherief Bakr:

Thank you. As there are no further questions, this concludes our session. As always, our Investor Relations team remains available for any follow-ups. Have a great day.

Ilham Kadri:

Thank you, everyone.

Operator:

This concludes today’s call. Thank you for joining. You may now disconnect.

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