

Who we are and what we do

Chief Executive Officer's review



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Michael Willome
Chief Executive Officer

Strong operational execution and a resolute focus on ‘self-help’ cost reduction programmes helped us mitigate weak demand and deliver margin improvement and positive Free Cash Flow in 2025. The changing competitive dynamics in our sector have reinforced our commitment to a strategy of focusing on differentiated, speciality products for selected attractive end markets.

Controlling the controllables while driving further specialisation

Further specialisation is at the heart of our strategy, because speciality products with defined end-market benefits will be the greatest drivers of our growth over time. Improving our operating leverage in the most specialised areas of our portfolio – and anticipating the demands of customers in terms of service, innovation and sustainability – is the clear roadmap to achieving our medium-term growth, margin and returns ambitions.

Market conditions in 2025 and the start of 2026 have reinforced the urgency of the strategic transformation towards specialisation that we began in October 2022. The chemicals sector was already in a prolonged period of suppressed demand long before global tariff changes fed further volatility – and while we have limited direct exposure to tariffs, partly thanks

to our ‘in region for region’ manufacturing footprint, adjusting to tariffs had a clear impact on customers, some of whom decided to ‘wait and see’. Underlying structural shifts in the industry are also changing the competitive landscape, in base chemicals in particular. All these factors spur us on to make our business even more agile and adaptable, so that we can anticipate and respond to the needs of our high-quality customers in their fundamentally attractive end markets.

At the same time, we have to safeguard our financial position so that we can continue to compete and grow. In the face of the volatile market conditions across the sector, we have rigorously prioritised what is within our control, delivering robust cash, earnings and margin performance while continuing to focus, simplify and strengthen our business in accordance with our strategy set out in 2022. Since then, gross margin has increased by c.500bps, a substantial improvement in our operating leverage to activity levels, and over the same period we have reduced net debt from £1,024.9m to £575.0m, in part through three non-core divestments. As described in more detail in the Financial review on page 19, we have worked constructively with our lenders to maintain a stable financial platform for delivery of the Group’s plans.

Positive cash and margin performance in 2025

Our 2025 revenue of £1,739.2m (2024: £1,933.1m) and EBITDA of £136.5m for the continuing Group (2024: £143.1m) were in line with expectations. They reflect a 7.2% reduction in volumes as a result of the soft demand environment, offset by further improved gross and EBITDA margin performance. This was underpinned by the expansion of our multi-year cost-saving and reliability improvement programmes and the ongoing strategic re-allocation of capital and other resources towards the higher margin, more resilient speciality solutions in our portfolio.

The Group delivered positive Free Cash Flow for the year, with a cash inflow in the second half as expected. Year-end net debt of £575.0m (H1 2025: £638.3m, FY 2024: £597.0m) reflects our rigorous focus on profit and cash management, supported in part by the £50m receivables purchasing arrangement with Kuala Lumpur Kepong Berhad Group ("KLK") put in place in December 2025. The Group's covenant net debt:EBITDA as at 31 December 2025 was 4.7x, well within the requirement of less than 5.25x.

Divisionally, **Adhesive Solutions (AS)** continued to regain share and enhance margins, through successful delivery of its reliability and performance improvement programme. The division is increasingly focused on growth supported by our speciality product capacity investment in Texas and sustainability partnerships with key customers, such as Henkel.

End-market demand across the **Coatings & Construction Solutions (CCS)** division varied throughout the year, particularly following the global tariff changes announced at the start of Q2. A slightly improved trend in coatings towards the end of the year was offset by a weaker period for construction and consumer sub-segments. Weak demand for energy solutions continued through the year, reflecting low levels of oil and gas drilling activity.

Health & Protection volumes for the medical glove market from both new and existing customers was disappointing for the year as a whole, although encouragingly, activity levels began to improve in Q4. Margins in this business remain substantially below pre-pandemic levels. The remaining businesses in the **Health & Protection and Performance Materials (HPPM)** division also had a mixed year, with a relatively strong contribution from Speciality Vinyl Polymers and in paper end markets, offset by continued challenges in the acrylate monomers business.

Focus on self-help cost savings – and continued investment in people

Given the market environment, we are continuously reviewing our operating and capital expenditures and working capital balances, to identify additional cash savings opportunities within our control. This included a thorough review of our headcount in the second half of 2025, which resulted in the difficult decision to remove around 250 roles from the organisation. We have also continued to deliver against our existing multi-year cost savings programmes, including the Group-wide procurement optimisation programme. Taken together, our operating cost reduction programmes are expected to deliver c.£20-25m in incremental gross benefits in 2026. This builds on the £30m we delivered through our self-help plans in 2025.

The decision to reduce headcount does not change the fact that our entrepreneurial teams are essential to Synthomer's future success in serving customers and delivering outstanding products. We continue to invest in building teams and a high-performance culture that is inclusive, collaborative and growth-orientated. We have sustained our commitment to our graduate programme, and to our Leadership Academy, which this year launched a new senior leadership programme 'Aspire'. I would like to thank all our people for their resilience and commitment this year.

Continuing progress on our specialisation strategy

Over the past three years, we have materially improved the profile of our portfolio, with speciality products now representing 55% of revenues and substantially more in EBITDA, whilst also growing our exposure to markets in the US and Asia, which now make up more than half of our revenues. In 2025 we continued to streamline our manufacturing footprint, passing the milestone of operating less than 30 sites, down from 43 sites in 2022. This included the divestment of William Blythe in May, alongside further plant rationalisation. These actions simplify the business, reduce capital intensity and release resources to enhance our focus on customers and products where we have the greatest opportunities. Our new target is to operate 25 sites or fewer.

In August 2025 we announced our intention to broaden the divestment programme in order to accelerate deleveraging and focus the business portfolio further. We currently have four divestment processes underway and will always keep the rest of the business portfolio under review.

We also continue to enhance our commercial opportunities through partnerships. Following the formation of our technology partnership for the US medical glove market in 2024, during the year we secured an agreement with Lummus to license technology in our acrylate monomers business, a partnership to expand Speciality Vinyl Polymers' reach in China, and a partnership with Neste and PCS to manufacture bio-based nitrile latexes.

Customer-driven innovation and sustainability

Innovation and sustainability are important differentiators for many of our customers, and therefore key to value creation for us. Our customers' ambitions increasingly demand innovative products with demonstrable sustainability benefits, so embedding a mindset which prioritises them helps drive both our commercial success and our purpose of creating specialist polymer solutions for the benefit of customers and society.

In 2025 we sustained our consistent record of ensuring that new and protected products (NPP) make up at least 20% of our sales volume. In response to customer demand, we continue to build our innovation pipeline, with 43 new products launched this year with defined sustainability benefits (see page 41). Our Innovation Taskforce, set up with Board involvement last year, helps drive the pace of change. To give a clearer measure of the commercial impact of our innovation work, we are changing our innovation KPI away from reporting NPP at the revenue level to focus solely on new products at the gross margin (GM) level. In 2025 we delivered 8.2% GM vitality (2024: 7.5%).

There were a number of commercial highlights across the year. In May 2025, AS announced a new strategic partnership and supply agreement with Henkel, helping to commercialise our new CLIMA-branded products, which help customers substantially reduce their carbon emissions. We have now achieved ISCC+ accreditation for 11 sites, enabling us to offer customers our BIO and CIRCLE products using a mass balance approach. We also retained our silver EcoVadis rating, are now in the top 2% of rated companies for sustainable procurement, and continue to make progress on our Vision 2030 sustainability roadmap (see pages 41 to 43).

Staying focused on process safety

We achieved a recordable injury case rate of 0.15, outperforming our target for the third consecutive year and remain in the top quartile for our industry. We continue to focus on improving our process safety metrics, which increased slightly despite improvements in several key sites and a reduction in incidents with the highest potential consequences in the year.

Current trading and outlook

Overall trading in the first quarter of 2026 was in line with our expectations and ahead of prior year, with much-improved CCS and stable AS performances offsetting a slower start in parts of the HPPM division. All businesses had improving momentum through the quarter.

Since the start of the Iran conflict we have experienced substantial changes in our operating and commercial environment both up- and downstream. Our focus on speed and agility, in region for region manufacturing footprint and strong procurement sourcing capabilities mean we are well-positioned to respond to these changes. Significant increases in raw material and to a lesser degree energy costs since the start of the conflict are being passed through in substantial pricing adjustments, while shipping volumes in several base chemical product areas are increasing due to disruption to the global distribution networks of competitors, particularly those based in Asia. To-date our global supply chains have remained robust and our joint venture manufacturing operation and sales office in the Middle East are both currently operating as normal. As a result, we are expecting robustly positive period-on-period volume and margin developments in the second quarter of the year and potentially thereafter, based on our latest trading data, and subject to developments in the Iran conflict situation.

Clearly the geopolitical and market context is highly volatile and end-market demand uncertain. We therefore make no changes to our 2026 outlook at this stage: overall we expect to make year-on-year progress driven primarily by self-help actions. Specifically, we anticipate that full year contributions from our cost reduction programmes and product investments made in AS during 2025, ongoing margin progress in our speciality businesses and Health & Protection volume and margin improvement will be partially offset by wage inflation and normalisation of bonus accrual in the year. At the same time, the longer the trading conditions experienced in Q2 persist, the greater the upside risks for the year.

In the medium term, we remain committed to our ambition to more than double Synthomer's earnings, through continued reliability and cost actions, end-market volume recovery and strategic delivery.

Michael Willome

Chief Executive Officer

30 April 2026