

LyondellBasell
Fourth Quarter 2025 Earnings Results Conference Call
January 30, 2026

Presenters

David Kinney - Head of Investor Relations

Peter Vanacker - CEO

Agustin Izquierdo - CFO

Kim Foley - Executive Vice President of Global Olefins & Polyolefins

Aaron Ledet – Executive Vice President of Intermediates and Derivatives

Torkel Rhenman - Executive Vice President of Advanced Polymer Solutions

Q&A Participants

David Begleiter – Deutsche Bank AG

Alexander Yi – Citigroup Inc.

Frank Mitsch – Fermium Research

Jeff Zekauskas – JPMorgan Chase & Co.

Vincent Andrews – Morgan Stanley

Matthew Blair – Tudor, Pickering, Hold & Co.

Kevin McCarthy – Vertical Research Partners

Aleksey Yefremov – KeyBanc Capital Market

Mike Sison – Wells Fargo

Josh Spector – UBS Investment Bank

Hassan Ahmed – Alembic Global

Operator

Hello, and welcome to the LyondellBasell Teleconference. At the request of LyondellBasell, this conference is being recorded for instant replay purposes. Following today's presentation, we will conduct a question-and answer session. I would now like to turn the call over to Mr. David Kinney, Head of Investor Relations. Sir, you may begin.

David Kinney

Thank you operator. Before we begin the discussion, I would like to point out that a slide presentation accompanies today's call and is available on our website at investors.lyondellbasell.com.

Today, we will be discussing our business results while making reference to some forward-looking statements and non-GAAP financial measures. We believe the forward-looking statements are based upon reasonable assumptions, and the alternative measures are useful to investors. Nonetheless, the forward-looking statements are subject to significant risk and uncertainty. We

encourage you to learn more about the factors that could lead our actual results to differ by reviewing the cautionary statements in the presentation slides and our regulatory filings, which are also available on our investor relations website.

Comments made on this call will be in regard to our underlying business results using non-GAAP financial measures such as EBITDA and earnings per share excluding identified items. Additional documents on our investor website provide reconciliations of non-GAAP financial measures to GAAP financial measures, together with other disclosures, including the earnings release and our business results discussion.

A recording of this call will be available by telephone beginning at 1:00 PM Eastern time today until March 2nd by calling 877-660-6853 in the United States and 201-612-7415 outside the United States. The access code for both numbers is 13746215.

Joining today's call will be Peter Vanacker, LyondellBasell's Chief Executive Officer, our CFO Agustin Izquierdo, Kim Foley our Executive Vice President of Global Olefins and Polyolefins, Aaron Ledet our EVP of Intermediates and Derivatives and Torkel Rhenman, our EVP of Advanced Polymer Solutions. During today's call, we will focus on fourth quarter and full year 2025 results and progress on our strategic initiatives. We will also discuss current market dynamics and our near-term outlook. Confidential.

With that being said, I would now like to turn the call over to Peter.

Peter Vanacker

Thank you, Dave, and welcome to all of you. We appreciate you joining us today as we discuss our fourth quarter and full year 2025 results. I am proud of our people and how they continued to navigate the cycle in 2025 while maintaining focus on our long-term strategy despite some of the most challenging market conditions I have seen in my career. The team delivered exceptional results in our Cash Improvement Plan while keeping safe and reliable operations at the center of everything we do.

So with that in mind, let's begin as we always do with our safety results on Slide 3. LyondellBasell delivered exceptional safety performance in 2025. Our total recordable incident rate reached a historic low, slightly surpassing even our record-setting performance in 2022, making 2025 the safest year in our company's history. These results are especially meaningful given the significant volume of maintenance and turnaround activity we executed across our sites in 2025 in Europe and the U.S.

Despite this elevated activity, our teams demonstrated operational excellence and an unwavering commitment to safety, even under challenging conditions. Safety remains our top priority. This consistent, industry-leading safety performance reflects the discipline and care our

employees and contractors bring to every aspect of our operations. I want to thank everyone across the organization for their dedication in keeping our colleagues and communities safe.

Now let's turn to Slide 4. As we navigate one of, if not the longest downturn in our industry, LyondellBasell continues to execute on our three-pillar strategy in a way that creates and protects value, even when this means adjusting the timing for implementing our plans.

In our first strategic pillar, we continue to grow and upgrade the core. In 2025, we prioritized safe and reliable operations. We advanced our portfolio transformation with material progress on the divestment of four European assets, which is on track for completion in the second quarter of 2026. We also moved forward on strengthening our cost-advantaged position in the Middle East with a new allocation for cost-advantaged feedstocks in Saudi Arabia.

In our second pillar, we are building a profitable circular and low carbon solutions business. Construction on MoReTec-1 is progressing well and is on track for a 2027 startup. We are also advocating for supportive policy frameworks, which will enable the successful and profitable transformation of our industry, while we executed on low-cost or no-cost energy efficiency initiatives across our sites.

In our third pillar, we are stepping up performance and culture. Our team is laser-focused on value and cash generation. I am pleased to report that the Value Enhancement Program exceeded our original target and achieved \$1.1 billion of recurring annual EBITDA in 2025. This program has been a critical enabler of our cash improvement and cost-discipline efforts, helping offset inflation, improve reliability and fund profitable growth.

Building on this momentum, we are extending the Value Enhancement Program and targeting \$1.5 billion of recurring annual EBITDA by 2028. Importantly, these recurring earnings are based on mid-cycle margins and operating rates. We expect the benefits of the Value Enhancement Program will become more prominent once volumes and margins recover from this prolonged downturn.

Given the current market environment, we have focused our investments on the immediately-profitable projects aligned with our long-term commitments, and we are reviewing the timing for achieving certain 2030 sustainability.

We have also materially reduced our capital expenditure plans on circular solutions and prioritized markets that provide supportive regulation and resilient proven demand, such as Europe. We will update the market on our progress over the coming months, including the April publication of our 2025 Sustainability Report.

Even as we accelerate select initiatives and adapt the timing of others, our strategic priorities remain intact. Our disciplined execution positions us to capture substantial value once the cycle turns, and we remain confident in our ability to deliver sustainable growth for our stakeholders.

Let's turn to Slide 5 and take a moment to reflect on where LYB and the industry are in the current cycle. 2025 was another exceptionally challenging year with industry margins remaining deeply depressed across all of our core businesses. Industry margins were approximately 45 percent below historical averages, even worse than the already difficult conditions we saw in 2024. In North America, polyolefins margins reached their lowest levels in more than a decade. This margin erosion has weighed heavily on LYB and the entire sector.

Several factors are pressuring margins. These include global trade disruptions, low demand for durable goods, a lower oil-to-gas ratio, ongoing global capacity additions, and in Europe, increased competition from imports and structurally higher energy costs. Even under these conditions, LyondellBasell continues to generate positive free cash flow at the bottom of the cycle.

While the environment remains tough, the market is responding with an increasing rate of capacity rationalization, which is accelerating the rebalancing of supply and demand. Once margins begin to normalize, LYB is well-positioned to capture significant upside, supported by our low-cost positions, world-class technologies and a disciplined approach to generating value and cash.

Let's now turn to Slide 6 to discuss our 2025 full year highlights. Despite this backdrop of weak margins, our teams remained disciplined and focused on the actions within our control. We generated \$2.3 billion of cash from operations during the year. This performance reflects strong working capital discipline, focused cost management and our ability to operate safely and reliably through a prolonged industry downturn.

Our excellent cash-conversion ratio of 95 percent illustrates the resilience of our operating model and the additional focus provided by the Cash Improvement Plan, even in an environment of compressed spreads. Full year earnings were \$1.70 per diluted share, and EBITDA totaled \$2.5 billion.

Throughout the year, we remained focused on maintaining financial flexibility, prioritizing safe and reliable operations and low-cost investments in VEP projects while preserving the ability to pursue selective investments in high-value growth once cash flows improve. And we will continue to maintain strong capital discipline to ensure we are making the right decisions for the long-term strength of our company and all stakeholders.

Now with that, I'll turn it over to Agustin to walk through our 2025 achievements in the Cash Improvement Plan.

Agustin Izquierdo

Absolutely, Peter, and good morning again, everyone. Let's continue with Slide 7. Our disciplined execution throughout 2025 enabled us to surpass our initial targets for the Cash Improvement Plan. We set a goal to conserve \$600 million of cash relative to our 2025 plan, and we exceeded that goal by roughly \$200 million to achieve \$800 million. This outperformance was driven by a \$400 million reduction in working capital relative to our 2025 plan. We also reduced our global workforce by 7 percent, or approximately 1,350 employees, to the lowest levels the company has seen since 2018.

Capital spending remained disciplined as we took advantage of opportunities to realign project schedules across the portfolio. While we achieved our capital reduction goals on an accrued basis, cash realization lagged due to the timing of payments.

Our teams executed on these priorities while maintaining focus on safe and reliable operations, reinforcing the culture of value creation we have been building over the past several years.

Looking ahead, we expect to deliver an additional \$500 million of incremental cash in 2026 relative to 2025 actuals. This increases the cumulative target for our Cash Improvement Plan from \$1.1 billion to \$1.3 billion through the end of 2026. We are not considering any potential benefits from our European asset sale in these numbers. This higher target reflects not only the strong progress we delivered in 2025 but also cost efficiencies we expect to achieve in 2026 and the lower capital expenditure plans which we have already announced. These efforts strengthen our ability to generate cash through the bottom of the cycle while protecting our financial flexibility and liquidity.

Moving on to Slide 8, I will review the details of our capital allocation. Maintaining an investment-grade balance sheet remains foundational to our capital allocation strategy. During 2025, we generated \$2.3 billion from operating activities supported by strong working capital execution which released over \$1 billion in working capital during the fourth quarter alone. This strong performance enabled us to sustain excellent cash conversion, even at the bottom of the cycle.

We also took proactive steps to preserve liquidity, including issuing \$1.5 billion in bonds to help address 2026 and 2027 maturities. As a result, we ended the year with \$3.4 billion of cash and short-term investments and \$8.1 billion of available liquidity.

Throughout the year, we prioritized safe and reliable operations while advancing strategic growth projects like MoReTec-1 and low- to no-cost projects in the Value Enhancement Program, while appropriately re-aligning other growth investments in response to current market conditions. As markets recover, we will be ready to advance an attractive portfolio of opportunities, including Flex-2 to balance olefin production, MoReTec-2 to expand our circularity capabilities at the former Houston refinery site and cost-advantaged investments in the Middle East.

In addition, the positive impact from completed VEP projects is expected to grow once sector margins and operating rates recover. And we continued to provide cash returns to shareholders, returning \$2 billion in the form of dividends and share repurchases during 2025. Our capital allocation strategy aims to preserve flexibility while positioning LyondellBasell to unlock value as industry conditions improve.

On Slide 9, we highlight the cash performance from our business during 2025. One of the strongest indicators of our resilience is our ability to consistently generate cash from operations, even at the bottom of the cycle. In 2025, LyondellBasell delivered \$2.3 billion of cash from operating activities. Our cash-conversion ratio remained exceptionally strong at 95 percent, well above our long-term target of 80 percent. We achieved this level of conversion through strong cost control across all segments, tightly managing receivables and inventories while pacing maintenance where appropriate to help ensure that earnings efficiently translated into cash even with lower operating rates.

This consistent cash performance positions us well to fund essential investments in maintenance and advance critical projects while remaining ready to accelerate strategic value creation once margins begin to recover.

Now let's turn to Slide 10 for an overview of our fourth-quarter segment results. In total, our businesses delivered \$417 million of EBITDA during the fourth quarter. Across most segments, we saw the typical year-end seasonal pressure on volumes coupled with elevated costs for feedstocks and energy. Maintenance downtime contributed to lower operating rates in both our U.S. and European operations. Oxyfuels performance softened sequentially, as margins trended downward from unusually strong levels toward the end of the third quarter once industry outages eased and gasoline blendstock premiums normalized to typical winter levels.

The fourth quarter included identified items of \$61 million, net of tax, primarily associated with closure costs for the Dutch joint venture and the APS specialty powders business. Across the portfolio, non-cash LIFO inventory valuation charges reduced fourth quarter results. These charges were partially offset by a reduction in bonus compensation accruals that benefitted fourth quarter results. The net amount was quarterly impact of \$52 million. As a reminder, our fourth quarter LIFO changes reflect movements in inventory valuation over the full year and are not necessarily linked to fourth quarter valuations.

Before we review our segment level results in detail, let me discuss our capital expenditure plans for 2026. As we've previously announced, we are deferring some growth investments until later in the decade given the difficult operating environment. For 2026, we expect our CapEx will be approximately \$1.2 billion. Our 2026 capital plan includes approximately \$400 million for profitable growth and \$800 million of sustaining investments. The reduced capital plan prioritizes safe and reliable operations and the ongoing construction of MoReTec-1.

We expect our 2026 effective tax rate will be approximately 10 percent with a cash tax rate approximately 10 percentage points higher than the effective tax rate. We have provided additional 2026 modeling information in the appendix to this slide deck describing the expected impacts from major maintenance and other useful financial metrics.

With that overview, I will turn the call over to Kim.

Kim Foley

Thank you, Agustin. Let's move to Slide 11 and discuss the performance of our Olefins and Polyolefins Americas segment. Fourth quarter EBITDA for the segment was \$164 million, down from the prior quarter. The sequential decline was primarily driven by higher feedstock costs and lower polyethylene margins as well as planned and unplanned maintenance across several sites.

In olefins, ethylene margins weakened as ethane and natural gas prices increased coupled with lower ethylene and propylene prices. In polyethylene, planned and unplanned maintenance across several facilities and seasonally lower domestic demand contributed to lower volumes and pressured margins sequentially. Industry inventories fell roughly three days, or 500 million pounds, as customers continued to draw down stocks ahead of year-end. Polypropylene continues to face challenges with subdued demand and weak margins.

During the quarter, we successfully completed the turnaround at our Matagorda polyethylene plant and implemented reliability improvements at our Hyperzone plant. These actions strengthen our asset performance and position us to capture value as demand returns.

Our fourth quarter operating rate for the segment was approximately 75 percent with our crackers operating at approximately 90 percent. During the first quarter, we expect tight year-end inventories, reduced supply due to winter storm Fern and stronger seasonal demand will all be supportive for our polyethylene price increase initiatives in the market. We expect to operate our O&P Americas assets at an average rate of approximately 85 percent, in line with demand.

Now let's turn to Slide 12 and review the performance of our Olefins and Polyolefins Europe, Asia and International segment. Fourth quarter EBITDA was a loss of \$61 million. Seasonally lower prices and higher levels of planned and unplanned maintenance pressured profitability. In olefins, volumes were significantly impacted by weaker demand, year-end inventory control measures and maintenance events at several of our sites. Polyolefins markets in Europe continued to face soft demand driven by increased competition from low-cost imports and ongoing destocking across the value chain. As a result, polyolefin margins remained under significant pressure, and volumes were seasonally lower.

In the fourth quarter, we proactively aligned our inventories with market demand through targeted rate reductions. These actions helped reduce our working capital and generate positive

cash flow for the segment, even in a highly challenging environment. Our teams executed safely and deliberately to provide a reliable supply of products for our customers while supporting our balance sheet.

We continue to make steady progress on the planned divestiture of our four European assets. Regulatory reviews, works council consultations and transition plans are advancing as expected, and we remain on track to complete the transaction in the second quarter of 2026. This is a significant milestone in reshaping the regional footprint of our global O&P portfolio.

As we move into 2026, our O&P EAI segment has no major turnarounds scheduled for the coming year and expect improved volumes with lower maintenance activities. We expect to operate our European assets at a rate of 75 percent during the first quarter.

With that, I will turn it over to Aaron.

Aaron Ledet

Thank you, Kim. Please turn to Slide 13 as we take a look at our Intermediates and Derivatives segment. Fourth quarter EBITDA was \$205 million. The typical seasonal decline in oxyfuel margins was delayed due to planned and unplanned industry outages that tightened supply early in the quarter and supported stronger blend premiums. Additionally, propylene glycol demand improved due to aircraft de-icing demand while acetyls results were negatively impacted by the turnaround.

During the quarter, the team completed the turnaround at our La Porte acetyls unit. This turnaround included key initiatives to begin converting our Vinyl Acetate Monomer production to an innovative LYB catalyst system that improves margins and helps reduce our reliance on costly precious-metal catalysts. The turnaround was completed on time, but we kept the asset down longer to help manage inventory levels.

We began the startup process in early January, and the asset has come back down due to cold weather. We expect the January downtime to impact first quarter EBITDA by approximately \$20 million, as seen in the modeling information in the appendix to our slides.

To align with the maintenance and softer year-end demand, we operated our I&D assets at a rate of approximately 75 percent during the fourth quarter. As we begin the first quarter, we expect to see positive trends in our PO&D business with additional glycol sales into the de-icing market and capacity rationalizations in both Europe and the United States improving LYB's market share. Acetyls volumes are expected to improve following the fourth-quarter LaPorte turnaround, and oxyfuels profitability should exhibit typical seasonal margin improvements toward the end of the quarter. Our plan is to operate our assets at approximately 85 percent during the quarter.

With that, I will now turn the call over to Torkel.

Torkel Rhenman

Thank you, Aaron. Now let's review the results of our Advanced Polymer Solutions segment on Slide 14. Fourth quarter EBITDA was \$38 million. APS volumes were lower due to typical fourth-quarter seasonal demand patterns, including softer automotive production across all regions. Even with this softer backdrop, year-over-year, APS delivered 55 percent higher EBITDA along with a substantial improvement in cash generation, reflecting meaningful progress in our commercial execution and cost discipline.

I'm extremely proud of the progress the APS team is achieving in our transformation. Throughout 2025, we delivered substantial operational and financial improvements, drove exceptional fixed-cost discipline, and strengthened customer centricity despite a challenging market. Looking ahead, we expect seasonal demand improvement across our key markets, and we will continue to regain market share with our renewed focus on customer centricity, reliable service and differentiated solutions.

With that, I will return the call to Peter.

Peter Vanacker

Thanks, Torkel. I agree with you. The APS team is doing excellent work in managing their business turn-arounds despite all the market challenges. To close out on the segments, let's turn to Slide 15 and discuss the result for our Technology business on behalf of Jim Seward.

During the fourth quarter, the segment delivered solid results. Catalyst demand strengthened across key regions, and revenue increased as a higher number of previously-sold licenses reached revenue recognition milestones. Together, these factors contributed to segment EBITDA of \$80 million in the quarter.

Looking ahead, we expect first-quarter results for the Technology segment to trend lower, potentially approaching levels seen in the second quarter of 2025. While we anticipate a typical seasonal uplift in catalyst sales, licensing revenue is expected to decline as fewer revenue milestones are expected in the quarter. The substantially lower demand for licenses is an indication of the ongoing trend of reduced global investment in petrochemical capacity additions at the bottom of the cycle.

Now let's turn to Slide 16 for our near-term market outlook. Following pronounced fourth-quarter seasonality, we expect modest improvements as we move through the first quarter, and we are likely to consume some working capital as normal. In North America, we expect typical seasonal demand recovery. Additionally, our polyethylene price-increase initiatives are supported by low industry inventories while exports continue to play an essential role in balancing markets.

In Europe, demand should also seasonally improve, although the impact of imports into the region continue to pressure pricing. Supportive regulatory frameworks for circularity along with continued asset rationalizations in the region remain a helpful tailwind over the medium-term.

In Asia, near-term capacity additions continue to weigh on margins, while medium-term rationalization announcements are an encouraging trend that should eventually help to balance global supply.

In the packaging sector, demand remains stable and driven by essentials. Consumers continue to be value-focused, and we're seeing a sustained shift toward private-label brands across both North America and Europe. In building and construction, sentiment remains cautious. Lower interest rates should provide some support, but we expect the environment to remain soft in the near term.

In the automotive sector, North America continues to reflect challenged affordability dynamics even as interest rates decline, while Europe is showing signs of stabilization. For oxyfuels, geopolitical uncertainty is expected to keep markets volatile. We continue to monitor supply developments closely.

Overall, while macro conditions remain mixed, we expect modest sequential improvement from the seasonal lows of the fourth quarter. Our teams remain focused on execution, cost discipline and value-driven growth as markets gradually strengthen. Even in this challenging environment, I am confident that LYB continues to be well-positioned, and I'm proud of how our team continues to execute with discipline.

Now with that, we're pleased to take your questions.

Operator

Thank you. At this time, we'll begin the question and answer session. As a reminder, if you'd like to ask a question, please press the star followed by one on your touchtone phone. If you'd like to withdraw your question, please press the star followed by the two. We do ask you to limit to one question.

Our first question comes from the line of David Begleiter with Deutsche Bank. Please proceed with your question.

David Begleiter

Thank you. Good morning. Peter, just on the dividend, your yield is twice that of your closest peer; you trade at a full turn multiple discount on EBITDA to that peer. So investors aren't really giving you a credit for the higher yield. But, so why not just cut dividend, invest that cash into your project pipeline because investors do pay for growth and move on from there? Thank you.

Peter Vanacker

Thanks, David. Of course, I mean, that's the core question, very good question, I mean, to start with. What you have seen, what we have accomplished during the year 2025, yes, they're very difficult market environments, but the team delivered cash from ops of \$2.3 billion in such a market environment. We overperformed on our cash improvement plan \$800 million.

Give you a couple of data points. We're running the entire company at the end of 2025 with 18,700 people. That's a very lean organization that we have, and that's 1,350 people less than at the end of 2024. It doesn't mean, I mean, that we don't continue to work on that as we announced also that we will continue to focus on our cash improvement plan during 2026 with a target of an additional \$500 million.

Of course, all that in the context of navigating the cycle. Needless to say, we've said it multiple times that our investment-grade balance sheet is the foundation of our capital allocation strategy. And of course, when we are focusing on our cash improvement plan, we will continue to prioritize, I mean, safe and reliable operations. I said it in the prepared remarks, this has been the safest year, 2025, I mean, at LyondellBasell. So it's a clear evidence that we prioritize safe and reliable operations. Continue to work also on our value enhancement program, but we focus on projects that have a no cost or low cost and immediate return on investments.

It's clear that, at the bottom of the cycle, we are evaluating the balance between cash returns to shareholders and growth investments, as you alluded to, and that in the context of a lower cash generation and, of course, also considering the metrics that are required for an investment-grade balance sheet. You know that we have delayed, I mean, certain growth investments, Flex-2, *MoReTec-2*, some other smaller growth initiatives. We continue to work on the projects that we have in Saudi Arabia, where we continue to get, I mean, quite a lot of support from the local authorities.

And definitely, also, the last thing that I want to say to that is we have, of course, regular robust conversations on our capital allocation strategy with our Board, and decisions on whether we recalibrate the dividend to maintain our investment-grade metrics, they are decided by our Board, and they are regularly being reviewed during our scheduled Board meetings, and the next one will take place in February

Operator

Thank you. Our next question comes from the line of Patrick Cunningham with Citi. Please proceed with your question.

Alex Yi

Hi, this is Alex on for Patrick. I had a question on your CapEx guide for '26. You're guiding about \$1.2 billion. Now historically, Lyondell was around somewhere between \$2 billion. So I'm just wondering if the reduced CapEx guide is a function of just recent asset sales or if there's a change

in your maintenance CapEx or if the new \$800 million on maintenance is the new normal baseline for Lyondell? If you could help us understand your CapEx outlook for '26 and maybe the years beyond that, that would be helpful. Thank you.

Peter Vanacker

Yeah, let me start with your question, Patrick. Thank you for your question. Indeed, I mean, \$1.2 billion in 2026 is the CapEx that we have communicated that we are planning, and out of that, I mean, \$0.8 billion in maintenance. Let me put that a little bit into the context. We've been investing in our company in growth, in reliability, in productivity, also through our value enhancement program, but also big investments like our PO/TBA facility that ran above nameplate capacity, as you know, very successfully above depreciation during the last years.

So we have invested in growth. Also last year, Cash CapEx, \$1.9 billion, accrued CapEx, \$1.7 billion is well above, I mean, our depreciation level. So also here, in 2025, I mean, we have continued to invest in growth, reliability, safety and productivity. So in that context, when we revisited our plan for 2026, we came to the conclusion that, in 2026, we can actually postpone a couple of turnarounds because of all the work that we have done already in '24 and '25. We could, of course, also limit the maintenance CapEx, safety and maintenance CapEx for '26, I mean, to that \$800 million. And then the delta is a couple of the growth projects. But of course, important in that is our continued progress that we have on the *MRT-1* investment in Cologne. Anything you want to add, Agustin?

Agustin Izquierdo

Peter, that was a very comprehensive answer. I would say just, Alex, that the other point is also a fairly light year in terms of turnaround. We only have the turnaround in the Midwest plant. Then we have also a smaller one for I&D. And as Peter alluded, we have been very diligent on managing our maintenance CapEx. And this time, that's why we can achieve now this \$800 million for maintenance CapEx, and as Peter mentioned, \$400 million for growth projects.

Peter Vanacker

Just to be clear, I mean, normally, I mean, we have turnarounds I'd say in the environment of three to four per year. So we only will have, I mean, two in 2026. It doesn't mean that you can take, I mean, \$800 million as safety and maintenance CapEx and extrapolate that for the foreseeable future. You know that we have \$1.2 billion in the past in safety and maintenance CapEx. Once we have fully executed our European assessments, we expect that number to go down to something around, let's say, \$1.1 billion. But you can always steer it a little bit, I mean, from one year to the other, just like we do in the cash improvement plan then for 2026 with \$800 million.

Operator

Thank you. Our next question comes from the line of Frank Mitsch with Fermium Research. Please proceed with your question.

Frank Mitsch

Good morning and thank you. So you shut down the Houston refinery a year ago. And some may argue that things have changed with respect to the outlook in the midterm, given the events at the beginning of this year in terms of Venezuela. And as you know, that Houston refinery was perfect for running Ven crude. I'm curious as to what your thoughts are. Obviously, this was something that you were looking at possibly doing with MoReTec, etc. But given that it's only been shut down a year, what might be the possibility that Lyondell would look to monetize that asset should some of the refiners look at, hey, the Ven crude becomes more plentiful down the line, that asset could be rather valuable. What are your thoughts there?

Peter Vanacker

Hey, Frank. Nice to meet you again, and good question, I mean, on the refinery in the context of what happened in Venezuela. I mean, our plan with the refinery continues to be, as we explained before. Of course, we look at in the context of the cash improvement plan. You know that we have delayed, I mean, the investment in MRT-2.

One thing that I want to highlight, as well, remember, I mean, when we decided to shut down the refinery, we avoided CapEx of, I would easily say, I mean, \$1.5 billion because we hadn't done a turnaround any more on the refinery since, what, about eight years in total. So in order to continue to run the refinery at that time, we would have taken the decision, of course, to do that turnaround, which would have been quite costly. Of course, I mean, the old refinery is not the only one in the United States that can take that kind of crude quality from Venezuela. There is quite a lot of refineries that can take that crude.

So our plan, I mean, continues to be, as we have explained, I mean, transform, I mean, the refinery in the context, of course, from a timeline perspective of the cash improvement plan. And as such, I mean we continue to remain very open in what we can do, I mean, with the existing assets that we have there.

Operator

Thank you. Our next question comes from the line of Jeff Zekauskas with JPMorgan. Please proceed with your question.

Jeff Zekauskas

Thanks very much. The balance sheet was managed very, very well at the end of 2025 with your receivables and inventories really coming down. Do those need to be built back up in 2026? And what do you think your working capital benefit or use will be in 2026?

Peter Vanacker

Hi, Jeff, good question. I'm going to start with some comments and then hand over to Augustin. I heard you saying that was very well managed at the end of 2025. Thank you for your comments on that. But of course, I would like to point out that we managed it very well also during the last, I mean, four years.

If you look at our cash conversion since 2022, we have been consistently above 90%. And yes, I mean, 95% in 2025. I think that's fantastic work. You see the discipline in our organization, fantastic execution by our people. And it was not just, I mean, in Q4. Again, in the cash improvement plan I alluded to that already before, partly because of our portfolio management, partly because of further streamlining our organizations, we reduced, I mean, our headcount by 1,350, which is quite substantially, if you take that from a 20,000 number approximately, it's quite an accomplishment that has been delivered by our people.

Working capital also over revenue. If you look at it, I mean, and you exclude, I mean, the revenue of the refinery that we had historically, so apples-to-apples, I mean we are trade working capital, running the entire company at somewhere between -- over the year, between 12% and 13%, which also in my history, having worked in different companies, is extremely low, especially if you also consider that we don't do any factoring. So with that, Augustin?

Agustin Izquierdo

Yeah, thank you, Peter, for the answer. Jeff, so you're absolutely right. Actually, the working capital level on an absolute value is the lowest we've had since 2020. And again, I commend the teams really for the excellent work they did on managing working capital, especially here in the second half and most importantly during Q4.

To your point, yes, we will have to rebuild some working capital as we go into 2026. But this has all been factored now into our cash improvement plan and allows us -- we have enough offsets and initiatives in place to allow us to deliver the \$1.3 billion cumulative in '25 and '26. But yes, you should see some moderate build as we go through the year in working capital terms.

Peter Vanacker

And I would not be surprised, Jeff -- I mean, just like what we said on the cash improvement plan, \$600 million target for 2025, and we over-delivered that \$800 million. That means that the entire team is, of course, very, very much focused in also finding ways in how can we overdeliver the \$500 million in 2026. That's the way how we work, yeah.

Operator

Thank you. Our next question comes from the line of Vincent Andrews with Morgan Stanley. Please proceed with your question.

Vincent Andrews

Thank you very much. Just wondering if you could give us your assessment of the oxyfuels market for 2026. I know '25 had some peculiarities with another competitor asset startup or refinery startup as well as maybe some volatility negative in the oil market, but how would you assess your opportunity there in '26 versus 2025?

Peter Vanacker

Yeah, two points, and I will hand over, I mean, to Aaron. I mean, first point, you're right. I mean, Vincent, it was quite volatile in 2026. But the second point I also want to make is that, if you look at average margins and you compare them historically, they were slightly above, and you saw that in the one slide that we showed. So with that, Aaron?

Aaron Ledet

Yeah, thanks, Peter, and thanks, Vincent, for the question. I think the short summary is that we are expecting Oxyfuels to normalize following a pretty volatile 2025, to your earlier comment, with typical seasonal improvements during the summertime. We're watching crude along the comments that you made, as well. Just all the geopolitical unrest that we've seen here in the first quarter, we've seen a lot of volatility in crude itself, whether it's Brent or WTI is up \$8 a barrel over the month. So obviously, that's going to impact our profitability looking forward.

We did start the year with pretty low inventories consistent across all of our businesses, and with some of the freeze outages here in the U.S. Gulf Coast, it created a little bit of upward price movement, but demand does remain seasonally low here in the first quarter.

Operator

Thank you. Our next question comes from the line of Matthew Blair with TPH. Please proceed with your question.

Matthew Blair

Great. Could you talk a little bit more about the polypropylene market? Is it safe to say that polypropylene is actually weaker than polyethylene due to higher exposure to areas like autos and construction? And over the next couple of years, are you more optimistic on recovery in polyethylene or polypropylene? Thank you.

Peter Vanacker

Very good, Matthew, and good question. I mean clear -- I mean, polypropylene, if you look at the different sectors and applications that polypropylene go in, which is, let's say, also for propylene oxide, a bit the same, it's more, I mean, dependent on demand in durable goods and how demand in durable goods is actually behaving, if it is growing or not.

Now let me go back a little bit in history. Everybody knows that, in 2021, the demand for durable goods after the pandemic 2020 was exceptionally high. And since then, it has been quite weak, which is a quite long period that demand for durable goods has been weak. In addition to that, I

mean, everybody sees and knows that the inflation rates are coming down, interest rates little by little, but they are coming down.

Yes, consumer confidence is not yet up to the level that we would like to see. But if that leads, I mean, to consumer confidence also moving up, then one may expect that, both for polypropylene and propylene oxide, that demand would also recover. With that, let me hand over to Kim.

Kim Foley

Okay. Yeah, Peter has alluded to the demand side of the equation. I'll just make a couple of comments about the supply side. We've mentioned in other calls, and I'm sure you've heard from others, the polypropylene cost curve globally is pretty flat. So most players don't export. I say most. For example, North America doesn't export polypropylene, but the Middle East and China, because China is so heavily oversupplied in polypropylene, they are exporting. And what you are seeing in the margin charts in the slides that we showed today is just that.

We believe polypropylene is at the bottom based on the combination of oversupply and the demand factors that Peter alluded to. So as Peter alluded, as demand would come back, and as people are rationalizing, it could have -- to your question about which may bounce more, it may bounce higher initially.

Peter Vanacker

And you see quite some activities also going on in consolidation, rationalization, not just, I mean, of crackers, but of course, also linked to that, I mean, polypropylene. And I would even say probably more heavy weighted, I mean, to polypropylene today than it is to polyethylene.

Kim Foley

Agreed.

Operator

Thank you. Our next question comes from the line of Kevin McCarthy with Vertical Research Partners. Please proceed with your question.

Kevin McCarthy

Yes, thank you and good morning. I'd appreciate your updated thoughts on the U.S. Gulf Coast market for polyethylene. So maybe for Kim, I would love your thoughts on kind of the contract pricing opportunity as you see it. I know some of the consultants are inclined to give pretty good credit for price realizations. Maybe you could talk through what you would anticipate on a gross basis and also net of any changes in annual contract discounts this time of year, February pricing that may be on the table? And then maybe on the other side of the coin, ethane feed has been quite volatile, so -- on the back of natural gas. So would love your thoughts on how you see that flowing through on a unit margin basis.

Kim Foley

Okay. Kevin, lots of moving parts in that question. And let me just kind of talk through how I think about it. So if you think about the ACC data that many of us look at on the inventory side, second quarter of '25 probably was one of the high points with the 44 days right after liberation. You saw the industry kind of lower inventories in third quarter to 43.5. Now while we don't have December data yet, November data shows for the fourth quarter down to 40, so big pull in the fourth quarter. I would anticipate December probably even took that lower. So you're coming into the year on very, very low inventories in the industry.

Number two, you had higher pricing in the fourth quarter. So on the upstream side, you had ethane that was higher, you had natural gas that was higher. So people were not making the profitability that they wanted to in the fourth quarter. Now here comes Winter Storm Fern, and you've seen the variability in ethane and natural gas price, and you've seen industry producers like ourselves proactively take down derivative units through the storm.

Now that enabled an ease or seamless restart, but nonetheless, it took even more capacity off short term. So inventory -- or available inventory is very scarce. You also see export pricing increasing as we enter into the January timeframe. And you're now starting to see downstream converters announcing price increases. So I think when you put all those factors together, the price initiatives that are out in the market today are very supported.

Peter Vanacker

Yeah, good answer, Kim. I mean, so you can clearly hear, I mean, that we are seeing lots of indicators that are supporting, I mean, our announced price increases, and we expect that integrated margins as a consequence should go up. I mean, demand has been very robust.

Operator

Thank you. Our next question comes from the line of Aleksey Yefremov with KeyBanc Capital Markets. Please proceed with your question.

Aleksey Yefremov

Thank you. Good morning. You have a good window into China and the local policy. What's your latest thinking in terms of anti-involution policies? Would we have any more specific news maybe in the next few quarters there? And has your thinking changed at all over the last three months?

Peter Vanacker

Thank you, Aleksey. It's a good question, I mean, on China. I mean, a couple of points that I want to make - I mean, we've seen, I mean, in China that there has been also some price increases on a modest level, but there has been some price increases in January. And that probably also has to do, I mean, with the fact, I mean, that there was some inventory depletion and growth, I mean, continue to be at around a 4 percent level for polyolefins.

When we look at the anti-involution, with our people that we have on the ground and all the relationships that we have in our technology business unit, there is a lot of movement. There is a lot of discussion. And we're waiting to see, of course, what the decision will be. But we believe, I mean, that, because of all the discussions that are happening, that there is a very diligent and very serious evaluation that is going on by the NDRC.

So we expect that something will come out. Will it be in Q2 remains to be seen. But, I mean, there is lots of pressure, I mean, behind it. And we hear, I mean, for example, criteria for asset rationalization, not at 300 kt for a cracker but 500 kt, these kind of discussions.

Another thing I want to point to is you see some other policies that are being put in place, like we heard, I mean, from a new naphtha consumption tax that is being put in place, not small. I mean, for emerging domestic transactions, \$300 per ton. Yes, refundable, but it would have to be paid, first of all, upfront, which means, I mean, cash flow -- and especially, if you have nonintegrated players, nonintegrated ethylene cracker capacity in China is about 11 million tons. Remember that. So that's not -- it's not small. They would have to then pay upfront, I mean, that new naphtha consumption tax.

So what I want to say is there is a lot happening, I mean, in China that all points in the same direction, and that is making sure that there is also a rationalization going on in that market. I've had another look, I mean, also at the numbers that we presented on a global basis in terms of capacity rationalization. Remember the slide that we showed during the third quarter earnings results. At that time, we talked about a little bit more than 21 million tons of ethylene capacity rationalization, and that did not include the anti-involution. When we look at the further announcements, here and there, news on the ground, we're now looking more at a bit more than 23 million tons of capacity rationalization, again, ethylene capacity rationalization, and still, that does not include, I mean, the anti-involution.

Operator

Thank you. Our next question comes from the line of Mike Sison with Wells Fargo. Please proceed with your question.

Mike Sison

Hey, good morning, guys. In OP Americas, how much of that capacity do you export? And export margins have been noticeably kind of zippo or very low relative to domestic. What do you think needs to happen to get that part of those margins up over time? And should you reduce your exposure to export given it seems like it's more structurally impaired than the domestic profitability?

Peter Vanacker

Mike, historically, I mean, we always had, I mean, lesser exports. Look, I mean, because your question mainly goes, I assume, into polyethylene, we always have lesser exports because of the

portfolio of products, I mean, that we have that are more differentiated. So we are selling more in the domestic market as a consequence, and therefore, lesser dependent on polyethylene exports. With that, Kim, anything you want to add?

Kim Foley

Yeah, I would just say, in general, I think we've typically said to the investment world that we're 10% to 15% lower than the industry on exports. So if you look at LIB's exports in '24 and '25, we were 34% and 38% versus an industry number of closer to like 48%. The other thing I would say is you asked kind of about pricing and how to make that a better margin. I think '25 is a very difficult year to look at export pricing, and actually, I would even say domestic regional pricing. There were so many changes and thoughts around tariffs, and supply chains were constantly changing. I think an upside to '26 is that tariffs normalize, supply chains will normalize, and everybody will have an opportunity to have the best netback to their individual regions.

Operator

Thank you. Our next question comes from the line of Josh Spector with UBS. Please proceed with your question

Josh Spector

Hey, good morning. Just a quick one. I was wondering on the Olefins EAI, I know there are a number of shutdowns and outages, some outside of your control from a supplier perspective. How much of a detriment was that in the fourth quarter? And how much of that do you expect to come back in the first quarter? Thanks.

Kim Foley

So the olefins impact for EAI in the fourth quarter was \$35 million.

Operator

Thank you. Our next question comes from the line of Hassan Ahmed with Alembic Global. Please proceed with your question.

Hassan Ahmed

Good morning, Peter. Peter, I just wanted to get a little more granular about a couple of comments you made earlier about rationalizations. You talked about that 20 million ton figure of rationalizations that you guys highlighted in your Q3 presentation going up to 23 million. And obviously, that's not including the Chinese anti-involution potential. I mean, as I sort of sit there and run the numbers and try to sort of identify announced rationalizations where an actual facility, name facility has been identified, the number comes up closer to around 10 million. And I know that ,obviously, the Koreans are talking about 2.5 million to 3.5 million. But again, some of the facilities have not been identified. So I guess, long-winded way of asking you how comfortable are you with that 23 million ton figure, clearly with some of the facilities not having been identified as yet?

Peter Vanacker

It's a good question, Hassan, and thanks for asking that question. I mean, first of all, I am comparing my baseline is 2020 just to be clear on that. And to your questions on South Korea, I have nothing included in those numbers on closures to date since 2020 or announced closures. But it is in my number as an anticipated closure of around, I mean, 3.7 million tons of ethylene in capacity.

So the vast majority clearly continues to be in Europe where we see closures to date of around 5 million tons, announced closures on top of the 5 million tons of 2 million tons, and I have not included yet any anticipated closures on -- in the European region. But if you ask me, I think we're going to see more. I think we have not seen everything; there may be more, I mean, to follow.

There has been some closures, I mean, of course, also in China that maybe not a lot of people talk about since 2020, which adds up, I mean, to around 5 million tons. And there have been some closures in the meantime, smaller number that have been announced. And as I said, I mean, anti-involution is not included in that.

And then, of course, in Southeast Asia, there have been closures announced by our peers like in Singapore. So you need to add them up, as well. Yeah, it's about 3 million ton in Southeast Asia closures to date and then another 1 million tons of announced closures. So -- and then I haven't talked about Japan, but also in Japan, you already have closures that have been executed to date, and then you also have announced closures. So in total, that adds up to about we've anticipated another 1.5 million tons. So I hope that helps you, Hassan.

Operator

Thank you. Ladies and gentlemen that concludes our question-and-answer session. I'll turn the floor back to Mr. Vanacker for any final comments.

Peter Vanacker

Thank you again for all your excellent questions. And as I said in my prepared remarks, this is one of the most challenging and longest downturns in our industry, but we see clear evidence of reduced rates of capacity additions and rationalization of all our assets being implemented globally. That should help, I mean, to accelerate recovery. Our LYB team has over-delivered on our promises to control the controllables by outperforming in safety, operational excellence, our cash improvement plan and our value enhancement program during 2025. And that resulted in the fourth consecutive year delivering an industry-leading cash conversion that exceeded 90%.

I want to thank, I mean, the global LYB team for delivering value and maximizing cash conversion during these challenging times while operating safely and reliably. This performance has convinced us to target another \$500 million cash improvement in 2026 compared to 2025 and

continue to progress on our value enhancement program by raising the bar to \$1.5 billion of recurring annual EBITDA by 2028.

We remain committed to our long-term strategy but have focused our investments on projects that are immediately profitable.

Another way to look at this prolonged downturn is as follows - I mean, the longer we are at the bottom of the cycle, the closer we get back to an up cycle, and LYB will be ready to capture value accordingly. I wish you all a great weekend, stay well and stay safe. Thank you.

Operator

Thank you. This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.