Alpek 4Q25 Earnings Webcast Transcript

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Bárbara Amaya:
[Slide 2]
Good morning, everyone, welcome to Alpek's Fourth Quarter 2025 Earnings Webcast.

[Slide 3]
I am Bárbara Amaya, Alpek's IRO and I am pleased to be here today with Jorge Young, our CEO, and José Carlos Pons, our CFO, who will be presenting today's material.

[Slide 4]
Today we'll be covering the following topics:

- First, Jorge will walk us through the key highlights for 2025,
- Second, José Carlos will cover the financial results for the quarter,
- Third, Jorge will discuss our outlook for 2026, followed by José Carlos, who will delve into our Guidance figures,
- Then, Jorge will outline our strategic priorities for 2026,
- And finally, we will conclude with the Q&A session.

Please note that the information discussed today may include forward-looking statements regarding the Company's future financial performance and prospects, which are subject to certain risks and uncertainties. Actual results may differ materially, and the Company cautions the market not to rely unduly on these forward-looking statements. Alpek undertakes no obligation to publicly update or revise any forward-looking statements, whether it is as a result of new information, future events, or otherwise. We express our financial results in U.S. dollars unless otherwise specified.

For your convenience, this Webcast is being recorded and will be available on our website. Jorge, I'll turn the call over to you.

Jorge Young:
[Slide 5]
Good morning, everyone, thank you for joining us today.

Throughout 2025, amid the continuation of a challenging environment for the chemical industry, our teams worked diligently on actions within our control to strengthen our financial position and solidify our global operations.

Alpek's financial and operating results were largely impacted by global overcapacity, resulting in a difficult year particularly for our Polyester business. We also executed several planned, but longer than expected maintenance outages. By contrast, our Plastics & Chemicals business delivered a stable performance. As a result, our full-year Comparable EBITDA totaled $489 million, down 30% from last year.

I would like to emphasize that our focus on strengthening our financial position has led to a sequential improvement in our Operating Free Cash Flow, which was $163 million, a considerable improvement of 57% from previous year, demonstrating the Company's resilience and financial discipline.

[Slide 6]
We continued to execute our previously outlined four strategic pillars, which played a key role in reinforcing the Company's competitiveness:

First, Strengthen our Core Business: we advanced on our targeted footprint optimization by ceasing PET operations at the Cedar Creek facility and relocating that capacity to more competitive, larger assets. As a result of this initiative, we expect to realize a benefit of approximately $20 million in 2026, which will partially offset broader macroeconomic headwinds.

[Slide 7]
Second, Financial Flexibility: we maintained disciplined capital allocation, optimized our net working capital and executed debt refinancing, these actions strengthened our liquidity and extended our maturity profile. Additionally, we also suspended the dividend and made progress in the monetization of non-strategic assets, which are expected to materialize in 2026.

[Slide 8]
Third, Boosting Growth: we advanced the development of high-margin solutions in our PET thermoformed and EPS businesses, and continued expanding our specialty products in our Polypropylene business. These support portfolio differentiation, while providing incremental EBITDA over time.

And fourth, Capitalizing on Opportunities: beyond the developments already discussed, we have been selectively expanding outside the petrochemical industry through our energy commercialization business, particularly by expanding recently to the power sector, which we expect will support growth over the coming years.

Finally, a major milestone in 2025 was the successful spin-off and merger with Controladora Alpek, fully establishing Alpek as an independent entity with a streamlined corporate structure.

Now, I will turn the call over to José Carlos to provide our financial performance in greater detail.

José Carlos Pons:

[Slide 9]

Good morning, everyone. Let me walk you through our quarterly results.

[Slide 10]

Starting with our Polyester segment:

- Volume was 836 thousand tons, down 10% both sequentially and year-over-year, reflecting softer demand, and longer-than-expected planned maintenance outages at several of our sites. These operational factors weighed in on production in the short term; however, we have since resumed most of our operations. On an annual basis, seasonal effects were stronger, alongside the strategic decision to exit low-margin PTA and PET exports.
- Polyester Comparable EBITDA totaled $41 million, a 53% decrease versus the third quarter, pressured by lower volumes, weaker margins, and historically low ocean freight rates. On a year-over-year basis, oversupply, trade-related dynamics, and global freight costs impacted performance.

[Slide 11]

By contrast, the Plastics & Chemicals segment continued to deliver stable results:

- Volume was 184 thousand tons, decreasing 6% quarter-over-quarter and 7% year-over-year, reflecting softer demand in both periods.
- Plastics and Chemicals Comparable EBITDA totaled $55 million, up 17% sequentially and 15% lower year-over-year, as steady margins helped offset softer volumes and typical seasonal effects.

[Slide 12]

Together our segments resulted in:

- A volume of 1.02 million tons, decreasing 9% versus the previous quarter and year-over-year.
- A Reported EBITDA totaling $70 million, a 40% decrease quarter-on-quarter, as a reduction in commodity prices and feedstocks resulted in a $29 million inventory adjustment, primarily in the Polyester segment, as Paraxylene saw a 7% sequential decrease.
- Relevant reference margins for our Polyester segment saw more stability compared to last quarter yet remained pressured. For our Plastics and Chemicals segment, reference margins were steady.
- Finally, Comparable EBITDA was $100 million, a 27% decline versus the previous quarter.

[Slide 13]
Looking at our full-year Free Cash Flow and Capital Allocation:

- We saw a Net Working Capital recovery of $50 million, supported by optimizations and lower volatility in raw material prices. These efforts are aligned with our cash generation goals.
- CAPEX for the quarter totaled $51 million, consisting of $41 million in maintenance and $10 million in strategic CAPEX, aligned with priority and planned maintenance across multiple sites. This resulted in an annual CAPEX of $170 million.
- Full Year Operating Free Cash Flow totaled $163 million, a significant improvement of 57% on an annual basis, demonstrating solid cash generation and Alpek's resilience amidst a challenging environment.

[Slide 14]
Moving to our Balance Sheet and financial position:

- Leverage ended at 4.4x Net Debt to EBITDA, reflecting lower last-twelve-months Reported EBITDA amid sustained low margin levels. The Company is implementing additional measures to strengthen its balance sheet as a prolonged cycle recovery is expected and deleveraging continues to be a top priority. Notably, Proforma leverage would have resulted in 3.9x, adjusting for footprint optimization and restructuring costs.
- Net Debt was $1.8 billion, flat versus the previous quarter, yet we were able to decrease it by $44 million versus 2024, a solid accomplishment in the current market context.

We remain financially flexible entering 2026, given the successful debt refinancing, solid cash generation, available committed credit lines, and disciplined CAPEX management.

I'll turn the call back to Jorge to discuss our 2026 Outlook.

Jorge Young:
[Slide 15]
We approach 2026 with a cautious outlook as we expect macroeconomic conditions from last year to persist.

Global oversupply continues to weigh on the industry. Although recent years have seen initial progress towards capacity rationalization, further actions will be needed to improve market balance. In parallel, we expect demand to remain soft. We also anticipate ocean freight costs to remain at relatively low levels, consistent with the significant reductions observed toward the end of 2025.

Notably, we expect greater operational and financial stability in our Polyester business in 2026, forecasting a modest improvement and relative stability in reference margins.

Turning to our Plastics & Chemicals business, we expect profitability in this segment to be somewhat constrained in 2026. This is primarily due to capacity additions in North America, particularly tied to Polypropylene, coupled with continued softness in EPS demand as construction markets have yet to show meaningful signs of recovery.

Lastly, we expect our Emerging Business to remain on a growth trajectory, with continued expansion and an additional contribution to EBITDA in 2026. We remain confident this segment's potential and are targeting a doubling of its size over the next three years.

With that in context, José Carlos will walk you through the detailed assumptions and guidance ranges for 2026.

José Carlos Pons:
[Slide 16]
Our base projects Comparable EBITDA in the range of $450 to $500 million based on the following assumptions.

- PET reference margins average $145 dollars per ton, a 2% increase over last year's average,
- Ocean freight costs for South America at $75 dollars per ton, a 40% reduction from 2025,
- PP reference margins at 13 cents per pound, a 7% margin compression,
- And an exchange rate of $18 pesos per dollar, a 6% appreciation,
- And minimal benefits from the U.S. PET reciprocal tariffs.

It is also worth noting that our base case assumes minimal contribution from non-strategic asset monetization. The acceleration or successful closing of any of these transactions would represent upside to our expectations.

Moving to the rest of the metrics:

- CAPEX is set at $130 million, following our disciplined approach and commitment to operational efficiency.
- For the first time ever, we are now introducing a Guidance figure for Operating Free Cash Flow which is expected to be between $100 and $150 million. This figure is further supported by our continuous efforts in cost control, capital allocation and net working-capital optimizations.
- And volume is expected to reach around 4.5 million tons.

Given the prolonged industry low cycle, we expect our leverage ratio to stabilize around 3.5x over the next 12 to 18 months, subject to market conditions. Our long-term target remains at 2.5x, and we will continue executing our deleveraging strategy to reach it.

[Slide 17]

Now, in addition to the base case, there are potential drivers that could improve performance if they materialize. These include:

- PET reference margins stabilizing at $155 dollars per ton. I'd like to highlight that in January, spreads averaged $171 dollars per ton, recently reaching up to $190 dollars per ton. While we view the current price discipline in China as a supportive factor, it is still early to assess whether it will hold. We will continue to track market dynamics and provide updates as appropriate.
- Ocean freight costs at or above $85 dollars per ton for South America,
- An exchange rate closer to $19 pesos per dollar,
- The successful monetization of non-strategic asset sales,
- And greater capitalization from U.S. PET reciprocal tariffs,

Together, these represent a potential estimated upside of approximately $50 million to Comparable EBITDA.

It's important to highlight that these factors are not meant to be additive, and they will not occur simultaneously. Instead, they represent key variables that we recommend you track, as they could contribute incremental value if conditions evolve in our favor.

We will continue monitoring these elements throughout the year and will update our expectations accordingly as visibility improves.

Now, Jorge will continue with our priorities for 2026.

Jorge Young:

[Slide 18]

With our 2026 Guidance now established, I'd like to wrap up by sharing how we plan to execute. We're building on the same strategic foundations that served us well in 2025 and remain firmly aligned with our long-term strategy.

In our Polyester business, we are taking a differentiated approach across the portfolio:

- In the commodity segment, which includes PTA and PET resins, our focus is on integrated, scalable assets serving attractive domestic markets, primarily in the United States, Brazil and Mexico. As such, we will continue to work on footprint optimization. A clear example this year is our decision to suspend operations at the Reading recycling facility. Following the shift in demand toward virgin materials, we're relocating capacity to our Richmond facility, which offers a more cost-competitive platform.
- In addition to the higher added value Polyester, which includes PET sheet and thermoform, we are advancing targeted, low-Capex investments to debottleneck operations in the Middle East and strengthening our product development capabilities. Effectively, we are scaling our position in a fast-growing segment and increasing our exposure to higher margin applications.

Turning to our Plastics & Chemical segment, our strategy is to fully leverage our most competitive regional assets while expanding into higher performance and specialty solutions. We will start ramping up investments made last year, particularly for EPS specialties and we will also start a multi-year growth project focused on differentiated Polypropylene. We believe they will become key EBITDA contributors moving forward.

Our Emerging Business continues to improve, particularly in energy commercialization. We view this as a promising path to diversify our portfolio and reduce exposure to the petrochemical cycle.

Financial flexibility remains the core enabler of our strategy. We remain committed to disciplined capital allocation, rigorous working capital management, and the monetization of non-strategic assets. Over the past year, we've made meaningful progress on this front, and we expect to finalize the first phase of sales during the first half of 2026. We have identified additional properties in our region for potential sale. We will share further updates as we advance.

In summary, 2026 will be a year of focused execution, delivering near-term priorities while continuing to invest in long-term value creation.

I would like to conclude by mentioning that Alpek has experienced difficult cycles over the past 50 years and we have been successful at adapting and evolving the business as required. A good example of this is how we were able to exit the Fiber business while moving into the PET Sheet business, which reflects a more attractive margin profile and value creation potential. We are confident that we will emerge from this low cycle successfully and that our focus on high value-added and specialty products will bring greater opportunities and growth over the following years.

Bárbara, I'll turn the call back to you.

Bárbara Amaya:

Q&A

[Slide 19]

Before we start the Q&A, a brief reminder: materials and the webcast recording will be available on our website.

We will now proceed with Q&A.

To ask your question live, please raise your hand. We will call on participants in the order they appear. You may also type your question through the Q&A function. We will attempt to cover as many questions as time allows.

Our first question comes from Leonardo Marcondes. Leo, please proceed with your question.

Leonardo Marcondes, BofA:
Hi everyone—hi Jorge, hi José Carlos, Bárbara, and Ale. Thank you for picking my questions here. I have two from my side.

The first one is regarding your guidance. Correct me if I'm wrong, but I believe there was extraordinary OPEX spending in 2025 to improve operational efficiency that we should not see in 2026, right? So, if you could walk us through your expectations in terms of OPEX for this year, and if the lower expectations for freight rates have fully offset this lower OPEX that we here were expecting for this year.

Also, there is a discussion regarding the REIQ benefits in Brazil that is going on right now. Could you help us understand how much it could impact your guidance for this year—this potential improvement from REIQ?

My second question is regarding the supply and demand balance in China. I think it was in November when the Chinese government organized a meeting with PET and PTA companies to understand the issues in the market. So, my question is, what have you heard from the Chinese market and companies regarding this meeting? Was there any change in the government's approach toward the segment?

Thank you very much.

Jorge Young:
Thank you, Leonardo. Thank you for your two questions.

Yes, regarding guidance in 2026, we are factoring some improvement in our operations. As we explained, in 2025 we had extended maintenance and operational issues earlier in the year. But as you mentioned, some of that recovery is partially offset by our assumption of much lower freight costs, which are very important to set import parity prices. So that, in general, would answer your first question.

Part B of your first question, regarding REIQ benefits in Brazil: I think that's an important development. First and foremost, recently, those incentives for the chemical industry—especially for companies consuming basic petrochemicals, which in our case applies to our polyester business—those benefits were confirmed for the period from 2027 through 2031. So that is a significant accomplishment.

Our support and participation in ABIQUIM, the chemical industry association, was very meaningful, and we are very happy that those were confirmed—those are important and meaningful.

2026 was not initially included in the package of benefits, but right now there is an effort that might result in 2026 also receiving benefits for the chemical industry. We don't have those incorporated in the guidance. And as you know, these programs—REIQ and PRESIQ—have a combination of support on the acquisition of raw materials through reduced taxation and support on selected capital investments.

And the second question on China: yes, the efforts from the Chinese government, and in general, to adapt from this—what we call cutthroat competition that is driving margins to unsustainable levels. I think the positive thing that we get at this moment is that there is more acknowledgement of the issue, and as José Carlos explained, some actions are already happening to begin in 2026. We are not counting on those yet to be sustained, but that's where we are.

At least, on the positive side, there is acknowledgement that some actions on overcapacity need to be taken. And again, this is not only in our industry—the industry that we participate in, like polyester, plastics, and chemicals at Alpek—this is, in general, a petrochemical and polymer situation that applies to many products.

Leonardo Marcondes, BofA:
Yes, just one follow-up regarding the REIQ. Do you have any estimate on how much your EBITDA could improve for this year in case they approve the benefit of 5.8 to the PIS/COFINS payment?

Jorge Young:
We are still working on those calculations. It could be perhaps—rounding—maybe another $10 million to that guidance for 2026. Hopefully it's a little bit more than that. We're still working on the calculations to make sure the final percentages are defined. And then, if you know the details, there is also an overriding cap on how much of the benefit applies to the whole industry. So, once all those details are settled, we will have more detail, but I would say the order of magnitude for us is around $10 million.

Leonardo Marcondes, BofA:
That's clear. Thank you very much.

Jorge Young:
And that's for 2026, right? And again, we would expect potentially similar or even slightly higher benefits for the period 2027 through 2031. I think this was a major accomplishment for a portion of the petrochemical industry in Brazil, especially the one that consumes very basic petrochemical feedstocks like is the case for us in Paraxylene.

Leonardo Marcondes, BofA:
Got it. Thank you very much.

Bárbara Amaya:
Our next question comes from Thiago Casqueiro from Morgan Stanley. Thiago, please proceed with your question.

Thiago Casqueiro, Morgan Stanley:
Hey, good morning. Thank you, Jorge, José, Bárbara and Ale. I have two questions here from my side.

The first one, I know it has been a very challenging environment for the petrochemical industry, and that the key goal of the company is to reduce leverage towards 2.5x in the long term. But I would like to understand when would the company start discussing the possibility of paying dividends this year, if that opportunity appears in the future, obviously. Would it only be when the leverage target is reached or could it be discussed before that? Because despite the pressured environment we see, the free cash flow profile for the year looks quite healthy.

Second question is related to protectionist measures of a follow up on Leo's question. We have seen in Brazil some government actions aimed at protecting domestic industry and preserving competitiveness recently, also with REIQ. So, beyond the potential upside from the U.S. PET tariffs that you mentioned, are there any other items on the government agenda either in the U.S. or in Mexico that could represent additional upside to the guidance you provided? Thank you.

José Carlos Pons:
Thiago, thank you for your question. Regarding leverage: we would like to devote the free cash flow that we will have this year to deleveraging the company. That will be our top priority. We want to get closer to the 2.5x that is our target, and therefore we are not expecting to have a dividend this year. You know this industry, the situation and the circumstances could change all of a sudden, if we get closer to our leverage target and improve performance in the company, then certainly it could be on the table, but we will devote the majority of our efforts to deleveraging.

Jorge Young:
I'll comment on your second question regarding protectionist measures.

This is a very important area of focus for us, and we have efforts in all the countries where we participate. And it’s not only something we do as Alpek—this is done in conjunction with relevant industry bodies in each country. You see significant activity happening in other petrochemicals as well.

On the U.S. PET tariffs, there’s still some uncertainty and we are yet to see more benefits. There is something we were able to capture going into 2026, somewhat masked by our assumptions on margins remaining low or ocean freight still coming down.

Even with uncertainty, we see interest in the current administration in the United States to protect local manufacturing. Even if the Supreme Court comes with a ruling that doesn't confirm the tariffs, there will be parallel mechanisms. We as Industry and as Alpek continue to work in evaluating other paths in parallel in pretty much all the countries where we participate. We will share details as information becomes public, but this is a very important area of focus across all our key markets.

Thiago Casqueiro, Morgan Stanley:
Thank you very much.

Jorge Young:
You are welcome.

Bárbara Amaya:
Our next question comes from Ben Isaacson from Scotia. Ben, please proceed with your question.

Ben Isaacson, Scotiabank:
Can you hear me, okay?

Bárbara Amaya:
Yes.

Ben Isaacson, Scotiabank:
Great. I just have one question. Is there a strategic or financial rationale for having both the Polyester and the P&C segments together? Do you think your stock suffers from a discount that could be improved if those businesses were separated? What are the reasons to keep them together? Thank you.

José Carlos Pons:
Thank you, Ben. This is José Carlos. Very good question. Certainly, we believe that as of today we see benefits in having a larger company merging—having both divisions together. We have efficiencies in SG&A and other operational metrics. So, clearly at this moment, the rationale and the benefits are better than having two split companies. But certainly, we're doing work in 2026 to review our portfolio and see if there are opportunities for us to divest certain portions of our portfolio, with the key objective of deleveraging the company.

Ben Isaacson, Scotiabank:
Great. Thank you very much.

Bárbara Amaya:
Our next question comes from Andrés Cardona from Citi. Andrés, please proceed with your question.

Andrés Cardona, Citi:
Good morning, Jorge, José Carlos, Bárbara. I have a quick question about the guidance. If you could help me understand: in the polyester segment, how much of the volume has been contractualized for 2026? If I remember correctly, in an average year it is around 60%. So just trying to understand how anchored the guidance is. Thank you.

Jorge Young:
Yes, Andrés. Normally, I would say 70 to 80% especially in North America. South America is a little bit less and the Middle East a little bit less. So maybe all in all it's about 60%.

But coming back to North America, in that range of 70 to 80%, probably we're still more towards the lower end of the range, again because of some level of uncertainty on what will happen with tariffs.

Potentially in a more favorable environment on tariffs, there could still be some upside, and we did capture that together with other variables in the additional range that José Carlos described. We provided the guidance in a base case, and we see this year more upsides than downsides on the guidance, and we encompassed them in that second bucket.

Andrés Cardona, Citi:
Thank you. And thank you for the scenarios you present. It's something that I find very helpful.

Jorge Young:
You're welcome.

Bárbara Amaya:
Our next question comes from Tasso Vasconcelos from UBS. Tasso, please proceed with your question.

Tasso Vasconcelos, UBS:
Hi everyone, thanks for taking my questions. I have two. One, moving back to the asset sales: can you remind us exactly what assets you would be willing to divest the most, and any expected amount you would be targeting to raise considering all of these investments?

Second, on the sensitivity you released for the guidance for the year—the incremental EBITDA—in your view what would need to happen in the industry, so those assumptions become a reality for the year? Thank you.

Jorge Young:
Sure. On the first question about asset sales: right now, we have four pieces of property in the United States, all in different degrees of negotiations or document preparation to complete the sale. These are four assets where we had operations in the past. We had been working on those throughout last year, and I would say pretty much the four of them are converging right now into, let's call it, the stretch time to finish the process. We have interested counterparts concluding due diligence.

All four properties combined could potentially represent around $50 million. We feel very confident those will materialize in the first half of the year, maybe some in Q1, but more likely most by the end of the first half of the year. It would be a meaningful 50-million-dollar contribution to our cash flow.

That's more or less what we have. There is a larger site in Monterrey where we used to produce fiber. That will take longer—potentially 12 to 18 months—because it likely has more value but requires additional preparation for other uses. We do not yet see that closing within the 2026 timeline. We will push for that, but it will likely still roll into the future.

We are focusing on these four assets in the United States. On top of that, we have another couple coming in Mexico and Brazil—perhaps not as large, but another bucket in the second half.

José Carlos Pons:
And just to complement Jorge, we're planning to use all the proceeds of these sales to deleverage the company. That's our top priority, and everything we get on those sales, we will use it to come back to our 2.5x target.

Jorge Young:
On the other part of your question: we laid out the key variables—what needs to happen. For example, in global margins: industries are under significant pressure. It is a positive signal that in China there is acknowledgement that margins went to unsustainably low levels. We see a small rebound to begin the year; if that stays, that supports the guidance.

Another important one: if uncertainty on tariffs is removed and there is more certainty, that will drive more volume and margin opportunities that we will capitalize. That process is taking longer given lower visibility.

We mentioned the REIQ benefit in Brazil—we didn't capture that in our range. That's going through the chambers now.

But most importantly, our focus is to operate our assets very well—safely and with pristine reliability. That is how we can best help ourselves, that's a very high priority.

Again, that's to give you a flavor: many variables combined into one range, but that's more or less what we see today.

Tasso Vasconcelos, UBS:
That's clear. Thank you.

Bárbara Amaya:
Our next question comes from Alejandra Andrade from J.P. Morgan. Ale, please proceed with your question.

Alejandra Andrade, J.P. Morgan:
Hey, how are you? Thank you so much for taking my question. I wanted to understand from you guys: what do you think the timeline could be to realistically get back to your target leverage? And also, have you had discussions with the rating agencies, given your current outlook on how patient they'll be in terms of delivery to get leverage down to your target? Thank you.

José Carlos Pons:
Thank you, Alejandra. To be completely clear, we don't expect to get to the level of 2.5x this year. It's something that can happen in 2027. So we're working towards that.

Of course, if we get some of the upsides that Jorge already pointed out—if we are successful in selling non-strategic assets and there might be a second wave—then that could speed up the process, maybe by year end this year. But at this moment, our base case is that this could happen in 2027.

In terms of rating agencies: we've had close conversations with all of them. We have updated them on the performance of the company and our perspective for 2026. The conversation is fluid. We are working with them to see not only this year's performance, but also all the things we are doing to improve our leverage and the commitment that we have. No decision from them, and we will continue to work together with them and keep them updated.

Alejandra Andrade, J.P. Morgan:
Thank you.

Bárbara Amaya:
Our next question comes from Milene Carvalho from J.P. Morgan. Milene, please proceed with your question.

Milene Carvalho, J.P. Morgan:
Hello everyone. Thank you for taking my question. I have two matters that I'll want to approach.

First, the diversification to power that you mentioned in the presentation. What do you see as the benefit in this segment? How can you operate this, and is there any strategic capex forecasted for 2026 in the segment?

Second, regarding severe weather conditions we saw early this year: has this impacted your production or first quarter expectations? Thank you.

Jorge Young:
On diversification to Power: for us, it's a significant opportunity. We have amassed over the last decades, significant know-how in energy markets, especially in Mexico, expanding into others like Brazil. Our focus has been mostly on being a reliable supplier. More than a producer, we commercialize energy—historically natural gas and more recently electricity.

For the most part, this does not require capex. Over the years it's a matter of developing know-how and having the right permits and certified experience. There are barriers to entry. It's capitalizing on the strength we have, and it's becoming a very interesting area of focus for us.

Would you mind framing again the second question?

Milene Carvalho, J.P. Morgan:
Sure. The second question was regarding severe weather conditions earlier in 2026. There were activities across the U.S. that were shut down. Has this compromised your production or first quarter expectations?

Jorge Young:
No, it did not disrupt our operations. There were two waves of very cold weather. In one we took short proactive shutdowns in the United States, but they are not going to be very material for financial purposes.

We will see some impact on higher natural gas prices. Although natural gas prices have come down again to where they were before the cold weather waves, the February contract prices in North America ended up on the high side. We will see that impacting our energy cost in February.

But we weathered the storm fairly well.

Milene Carvalho, J.P. Morgan:
Perfect. Thank you very much.

Bárbara Amaya:
Our next question comes from Federico Galassi from Rohatyn Group. Fede, please proceed with your question.

Federico Galassi, Rohatyn Group:
Hi, thank you for taking my question. Two quick questions.

First, in your guidance and potential drivers, you are using FX at 19 pesos per U.S. dollar. What is the sensitivity to the Mexican peso / U.S. dollar?

Second, in the guidance, are you including all the positive impact from the increase in tariffs in Mexico last year? Thank you.

José Carlos Pons:
Thank you, Fede. Quick answer on exchange: one peso more or less is equivalent to $15 million of benefit or cost, depending on how you see it.

And impacts: yes, we're including a portion of what we saw in Mexico on the protection against Chinese and other imports. Yes, that's included already in our forecast.

Federico Galassi, Rohatyn Group:
Okay, thank you so much.

Bárbara Amaya:
Our next question comes from Chelsea Colon from New Asset Management. Chelsea, please proceed with your question.

Chelsea Colon, New Asset Management:
Hi, thanks for taking the questions. A few quick ones.

Firstly, to clarify, you mentioned around 3.5x net leverage by the end of this year. Does that consider the $50 million-ish in asset sales, and is that calculated based on your comparable EBITDA guidance?

José Carlos Pons:
The short answer is yes. The 3.5x would require us to sell the non-strategic assets, and it's based on reported EBITDA because that's how our banks measure our covenant compliance.

Chelsea Colon, New Asset Management:
Okay, great. And regarding emerging businesses: you're trying to double in size over the next three years—can you provide context on how relevant those businesses are right now from an EBITDA perspective?

Jorge Young:
Yes, Chelsea, on that question on emerging business: when you look at our numbers, we have our two key segments and then "Aligned Others," so it's coming there with a few other smaller corporate adjustments that we had. And our hope is that maybe over the next four to five years that line reaches closer to 50. That will give you a good idea. I think we expect to be in the 20s in 2026 and, again, doubling—that would be our goal four to five years from now. We'll likely be more ambitious, but that's the flavor.

José Carlos Pons:
Also, a portion of those emerging initiatives are within polyester and polypropylene. It was presented by Jorge that we are also entering into high value-added products within our core business, and that's not included in "Others."

Chelsea Colon, New Asset Management:
Got it, thanks for the clarification. Lastly, with the closing of the Reading facility: you mentioned more demand for virgin resin versus recycled. Can you elaborate on the reason—is it a cost issue for clients?

Jorge Young:
Recycling continues to be a very important priority for us and for our customers and is very important for the sustainability of PET packaging. However, we have recently observed some short-term dynamics. Virgin PET prices are low, and although there is a clear path toward increasing recycled content, that path can sometimes encounter temporary setbacks.

We see in the middle term, the opportunity to supply recycled content through other facilities, including Richmond, and Indiana. Also, we have recently increased our recycled-content capability through our single pellet technology—by adding recycled feedstock into a virgin PET plant—resulting in PET with, say, 25% recycled content.

So we're using those tools to continue the growth path. But yes, there are small shifts back to virgin given economic pressures, reflecting decisions of some customers.

Chelsea Colon, New Asset Management:
At this stage, is there an idea to potentially reopen the Reading facility at some point or is it likely to be permanently closed? And how much cost savings do you expect, and any extraordinary costs?

Jorge Young:
Orders of magnitude: in the short term, it might represent between $5 and $10 million, maybe closer to mid-single digits, in terms of savings.

We remain with the possibility to restart the asset, but shutdown costs are not very significant. It's not a petrochemical plant, so it doesn't have the same complexities. Our decision will come later and will depend on whether we can extract value from those assets. We will assess our options.

We chose to suspend the operation, take the savings, keep supplying customers from the rest of the assets, including the other recycling plant and single pellet technology, and we'll wrap up the more strategic decision later in the year. Good Question.

Chelsea Colon, New Asset Management:
Great. Thank you.

Bárbara Amaya:
Our next question comes from Andres Ortiz from BTG. Andres, please go ahead.

Andrés Ortiz, BTG:
Thank you very much. Follow-up on Federico's question on incremental EBITDA: you mentioned one peso appreciation or depreciation is equivalent to $50 million impact, and you said there is $50 million incremental from several reasons. I don't understand if every one of them is $50 million or together.

José Carlos Pons:
I'm sorry if I did not give the right number: one peso is equivalent to $15 million of impact or benefit, depending on where we sit.

Andrés Ortiz, BTG:
Understood. Thank you.

José Carlos Pons:
And just a clarification: we presented several opportunities to improve results. What you see is an assessment probability-weighted that they could materialize around $50 million. In a perfect world where every single line item would materialize, certainly they would be more than $50 million.

Andrés Ortiz, BTG:
Thank you Calros, understood.

José Carlos Pons:
Perfect, thank you

Bárbara Amaya:
We received a couple of questions through the Q&A. I will proceed.

First question was from Rodrigo Salazar from AM Advisors: could you tell us where the spot metrics used in the guidance stand today?

Jorge Young:
In our guidance, we set reference margins which represent China PET margins at $145 per ton. Year to date they are approximately $170, and the last data point is in the mid-180s.

Bárbara Amaya:
Next question from Pallavi Nagia from HSBC: could you provide an update on refinancing plans, particularly for the debt due in 2028 and 2029?

José Carlos Pons:
Thank you for your question. Certainly, we're exploring opportunities to refinance what we have in 2028. We have a couple of proposals at this moment. There will be facilities that would take maturities even further—2032 or 2033. That will take out pressure on any maturity coming due in the short term.

One of the key pillars of our financial strength is strong liquidity and committed credit lines, which we both have, and not having maturities due in the short term. We are targeting to have that refinanced in the first half of this year. We'll keep you updated.

Bárbara Amaya:
And the next question: historically, increases in oil price have led to improvement in margins and increasing international shipping costs. Do you still see a correlation with the recent increase in oil price? Do you expect to have a positive impact in EBITDA?

Jorge Young:
Good observation. Typically oil prices lead into higher raw materials. Shipping costs—oil influences shipping, but freight rates are mostly supply-demand in that market.

Oil prices will generally push raw materials a little higher. This is the first quarter in a while where we didn't have a significant inventory adjustment. Last year we were in an environment of falling oil prices and falling raw materials. This year they stabilized, and if this rebound in oil continues, we should see some support from higher raw materials prices, potentially some improvement to Reported EBITDA on inventory restatements.

However, our guidance excludes those effects, positive or negative—we are talking about comparable. But yes, definitely oil prices influence higher raw materials.

Bárbara Amaya:
Thanks everyone for your interest. That is all the time we have available for today.

The IR team remains available if there are any follow-up questions.

Thank you for joining our webcast. We look forward to seeing you soon at our shareholders meeting.

Have a great day.