

Research Update:

WE Soda Ltd. Outlook Revised To Negative On Higher Leverage Amid Weak Market Conditions; 'BB-' Rating Affirmed

February 13, 2026

Rating Action Overview

- We expect market conditions to weaken further in 2026 as healthy supply, including further ramp-up of natural soda ash production in China; subdued demand; and increasing competitive pressures will weigh on soda ash prices in 2026.
- WE Soda's cost-reduction and cash-preservation measures, along with its competitive position in the cost curve, will allow the company to maintain healthy, positive free operating cash flow (FOCF) generation and adequate liquidity in 2026, but lower soda ash prices will weaken EBITDA, leading to S&P Global Ratings-adjusted debt-to-EBITDA to exceed 5x in 2026.
- We believe the market is trending toward unsustainable price levels, below the cost for many synthetic soda ash producers, and we expect a recovery in prices and earnings in 2027, leading to deleveraging below 5x--a level we consider commensurate with the current rating. We also understand that WE Soda will address refinancing of its 2026 maturities in the coming weeks.
- We therefore revised our outlook on WE Soda to negative and affirmed our long-term issuer credit rating at 'BB-'. We also affirmed our 'BB-' issue rating on the group's senior secured notes.
- The negative outlook reflects that we could lower the rating in the next 12 months if WE Soda's adjusted debt to EBITDA does not recover to below 5x or if the company does not address its upcoming maturities, leading to liquidity pressure.

Rating Action Rationale

We expect lower soda ash prices amid weak market conditions will result in lower earnings for WE Soda in 2026, leading to adjusted debt to EBITDA of about 5.5x, from about 4.9x in 2025.

The soda ash market is facing cyclical pressures amid increasing supply--as the new trona lines at Inner Mongolia ramp up capacity--and ongoing weak demand, as important end markets such as glass production and chemicals remain in a cyclical trough. At the same time, the degree of competition is high, in our view, as monetization of assets allows certain producers to maintain

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profitability amid lower prices. While WE Soda's favorable cost position allows the company to absorb lower prices, maintain strong margins (above 30% on reported level and above 40% on a netback revenue basis) and generate positive FOCF, we forecast that the weak market environment will dent its earnings and lead to adjusted debt to EBITDA exceeding 5x in 2026. Specifically, we anticipate adjusted EBITDA to decline to \$570 million-\$590 million in 2026 from about \$680 million in 2025 (pro forma the acquisition of WE Soda West, formerly Genesis Alkali), corresponding to adjusted debt to EBITDA of about 5.5x in 2026, from about 4.9x in 2025. Our adjusted debt calculation includes the \$420 million term loan and the \$390 million overriding royalty interest bond, both of which are not part of the restricted group, but within WE Soda Ltd.'s consolidated debt. In addition, we include routine adjustments for leases, asset retirement obligations, trade receivables sold, and financial guarantees provided by WE Soda's immediate parent to other Ciner Group entities.

We forecast soda ash prices will improve in 2027, leading to swift deleveraging below 5x. We consider current soda ash prices unsustainable for higher cost, synthetic soda ash producers and therefore, we expect prices to normalize in 2027. We believe that the medium-term outlook for the soda ash market is resilient as announced global capacity additions (including from WE Soda) can be delayed. China's anti-involution policy (per China: involution is when firms chase volume and cut costs to the detriment of profits and innovation) could lead to closure of high-cost, high-emissions local synthetic soda ash production, supporting operating rates and pricing beyond 2026. Therefore, we forecast EBITDA to recover to its 2025 levels in 2027, at about \$700 million, leading to swift deleveraging to 4x-5x, a level we consider commensurate with the 'BB-' rating.

We understand that WE Soda will address refinancing of its 2026 maturities in the coming weeks. We understand from the management that WE Soda is making progress on improving its liquidity position through additional debt--the proceeds of which could be used to prepay the utilized portion of its revolving credit facility (RCF)--and, over time, by refinancing its RCF that is due in August 2026, alongside its about \$100 million bridge loan. The management expects to close this process in the next few weeks. For this reason, our rating is not at this stage influenced by liquidity considerations. Rather, it is the operating performance and our expectations for weaker earnings in 2026 that result in a negative outlook. Lack of progress in addressing the near-term maturities, to the extent that it leads to liquidity pressure, could result in a negative rating action.

We anticipate that WE Soda will balance its growth strategy and shareholder distributions with its publicly stated commitment to maintain sufficient liquidity and reduce its leverage. WE Soda reiterated its commitment to maintain liquidity of over \$400 million, including the availability under its RCF, throughout 2026 and not pay any dividends (other than to minority shareholders) until its net leverage ratio (as defined by management) reduces to below 2.5x. Consequently, we anticipate that the management will postpone its organic growth investments, including the sixth line expansion in Kazan, Turkiye, thereby reducing its capital expenditure (capex) to about \$130 million in 2026 from over \$180 million in 2025. As a result, we estimate that WE Soda's projected cash generation and unrestricted cash on the balance sheet are sufficient to cover its liquidity uses in the next 12 months, even if it needs to repay its RCFs due in August 2026. We understand, however, that the management aims to improve the company's liquidity position through additional lending in order to repay its near-term maturities and through the refinancing of its RCF.

Outlook

The negative outlook reflects that we could lower the rating in the next 12 months if we do not expect WE Soda's adjusted debt to EBITDA to recover to below 5x by 2027, or if the company does not address its upcoming maturities leading to liquidity pressure.

Downside scenario

We could lower the rating if:

- WE Soda's adjusted debt to EBITDA remained above 5x in 2027, for example because of market headwinds persisting;
- Its FOCF-to-debt deteriorated to below 5% and;
- Its liquidity came under pressure, for example by not being able to raise more funds through additional debt issuance in the coming months to address its near-term maturities, resulting in an erosion in its cash balances, or by not being able to refinance its RCF

Upside scenario

We could revise the outlook to stable if:

- Adjusted leverage recovers to below 5x;
- The company continues to generate positive FOCF, so that FOCF to debt stays at above 5%; and
- WE Soda maintains adequate liquidity and comfortable headroom under its financial covenants.

Company Description

U.K.-headquartered WE Soda Ltd. is the intermediate parent of WE Soda Group, the world's largest producer of natural soda ash and one of the largest producers of soda ash. The group produces more than five million metric tons of natural soda ash and sodium bicarbonate per year and operates two of the most cost-efficient production facilities globally in Türkiye. Following the Alkali acquisition, WE Soda's nameplate capacity has increased to more than 9.4 million metric tons per year, with operations now spanning two continents and four production facilities.

In 2024, WE Soda Ltd. reported total revenue of \$1.21 billion, with about 16% of its products by value sold in the domestic market and the remaining 84% exported to more than 80 countries. The main export destination is Europe.

WE Soda Ltd.'s ultimate parent entity, WE Industries Holding Ltd, is incorporated in the U.K. and 100% owned by Turgay Ciner.

Our Base-Case Scenario

Assumptions

- GDP growth in 2026 of 1.8% in Europe, 2.0% in the U.S., 2.2% in Latin America, and 4.4% in Asia-Pacific. GDP growth in 2027 of 1.9% in Europe, 1.9% in the U.S., 2.5% in Latin America, and 4.5% in Asia-Pacific.
- We forecast revenue growth of about 70% in 2025 thanks to increased capacity and corresponding sales volumes following the Alkali acquisition. On an underlying basis, we

assume soda ash prices will decline in 2025-2026, reflecting ongoing weak end-market demand. We therefore estimate revenue to decline by 13%-14% in 2026 before recovering in 2027.

- Adjusted EBITDA margins diluting to 30%-35% in 2025-2027 due to the lower-margin contribution of U.S. operations and also a decline in revenue in 2026.
- Capex of about \$180 million in 2025 and about \$130 million in 2026. Lower capex in 2026 reflects the postponement of capital allocation toward growth initiatives--such as the expansion of production capacity in Kazan by 600,000 metric tons per year, and brownfield investments in the U.S.--as the company aims to preserve cash amid weak market conditions.
- Working capital outflows of \$10 million-\$50 million over 2025-2027, excluding the impact of receivables financing.
- Annual dividends of about \$25 million-\$50 million in 2025-2027 to minority owners. We do not forecast any dividends to the majority shareholder absent any meaningful improvement in earnings given management's commitment to reduce leverage in line with its financial policy target of 1.5x-2.5x (as defined by management).

Key Metrics

WE Soda--Key metrics

(Mil. \$)	2023a	2024a	2025e	2026f	2027f
EBITDA	707	409	680-700	580-600	690-710
Capital expenditure	106	131	170-190	120-140	170-190
Free operating cash flow (FOCF)	391.4	2.4	260-280	200-220	240-260
Dividends	30	129	25-30	35-40	~50
Adjusted ratios					
EBITDA margin (%)	45.3	33.7	30-33	30-33	~35
Debt to EBITDA (x)	2.5	4.8	4.5-5.0	5.3-5.7	4.0-4.5
Funds from operations to debt (%)	27.2	10.3	10-15	8-12	10-15
Free operating cash flow/debt (%)	21.8	0.1	5-10	5-10	5-10

Liquidity

We continue to assess WE Soda's liquidity as adequate. This incorporates our estimate that liquidity sources will exceed liquidity uses by more than 1.2x over the 12 months from Jan. 1, 2026. We also take into account the company's well-established bank relationships and its prudent risk management.

Principal liquidity sources	Principal liquidity uses
<ul style="list-style-type: none"> • Cash and equivalents of about \$255 million • Cash FFO of \$350 million-\$370 million 	<ul style="list-style-type: none"> • Debt maturities of about \$316 million (including the drawn portion of the RCF due in August) • Working capital outflow of \$10 million

- Capex of \$130 million
- Dividends paid to ETI Maden of about \$38 million

Covenants

Under its senior facility agreement, WE Soda Ltd. is subject to a net leverage test (as defined in the debt documentation) of less than 4.0x and a debt service coverage ratio of over 1.2x. We foresee sufficient headroom under both covenants.

Issue Ratings--Subordination Risk Analysis

Capital structure

WE Soda Ltd. has the following capital structure:

- Senior secured notes of \$980 million due in 2028
- Senior secured notes of \$500 million due in 2031
- \$435 million under WE Soda's senior secured RCF (\$284 million drawn)
- \$100 million under WE Soda Enterprises Inc.'s senior secured RCF (\$90 million drawn)

Analytical conclusions

We rate the WE Soda group's senior secured notes at 'BB-', in line with the rating on WE Soda Ltd. The rating is supported by the notes' secured status and pari-passu ranking with the group's RCF.

Rating Component Scores

Rating Component Scores

Component	
Foreign currency issuer credit rating	BB-/Negative/--
Local currency issuer credit rating	BB-/Negative/--
Business risk	
Country risk	Moderately high risk
Industry risk	Moderately high risk
Competitive position	Fair
Financial risk	
Cash flow/leverage	Aggressive
Anchor	bb-

Modifiers

Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Adequate
Management and governance	Moderately negative
Comparable rating analysis	Neutral
Stand-alone credit profile	bb-

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments](#), Jan. 20, 2016
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

Ratings List

Ratings List

Ratings Affirmed; Outlook Action

	To	From
WE Soda Ltd.		
Issuer Credit Rating	BB-/Negative/--	BB-/Stable/--
Ratings Affirmed		
WE Soda Investments Holding plc		
Senior Secured	BB-	

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